



Department of Commerce

STATE OF MONTANA CONSOLIDATED PLAN PERFORMANCE REPORT

APRIL 1, 2004 TO MARCH 31, 2005



Montana Department of Commerce
Housing Division

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June 28, 2005

Rena Blair
U.S. Dept of Housing & Urban Development
UMB Plaza
1670 Broadway
Denver, CO 80202-4801

Dear Ms. Blair:

Please find enclosed Montana's Consolidated Plan Performance Report for our plan year ending March 31, 2005, referred to herein as the 2004 plan or program year. This performance report is comprised of four documents: the CP Performance Report; the HOME Annual Performance Report; CDBG Annual Performance Reports, including the P.E.R. for April 1995-March 2005; and the ESG Annual Performance Report. The Summary of Consolidated Plan Projects for Report Year 2004 is available through the IDIS system.

Please direct any questions or comments on the Annual Performance Report to me at (406) 841-2817.

Sincerely,

Leslie J. Edgcomb
Consolidated Plan Coordinator

Encl.

cc: Anthony Preite, Director, MDOC (w/o encl.)
Bruce Brensdal, Administrator, Housing Division
Julie Flynn, HOME Program Manager
Gus Byrom, CDBG Program Manager
Karyl Tobel, CDBG-ED Program Manager
Jim Nolan, ESG Program Manager, MDPHHS
Hank Hudson, Administrator, MDPHHS



STATE OF MONTANA

**CONSOLIDATED PLAN PERFORMANCE
REPORT**

APRIL 1, 2004 TO MARCH 31, 2005

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STATE OF MONTANA
CONSOLIDATED PLAN ANNUAL PERFORMANCE REPORT
APRIL 1, 2004 TO MARCH 31, 2005

EXECUTIVE SUMMARY

The Consolidated Plan Annual Performance Report reviews the activities, actions, and resources Montana planned for and used during plan year April 1, 2004 through March 31, 2005. It also assesses Montana's progress toward meeting the housing goals outlined in the state's Consolidated Five-Year Plan.

This Executive Summary provides an overview of the annual performance of three Housing and Urban Development (HUD) grant programs in relation to the goals, actions, and objectives set forth in the Annual Action Plan for the plan year beginning April 1, 2004 (Federal Fiscal Year 2004).

- The Community Development Block Grant (CDBG) program is designed to help communities with their greatest community development needs. The program was established by the Federal Housing and Community Development Act of 1974 (42 USC 5301). All projects must principally benefit low- and moderate-income families. The Business Resources and Community Development Divisions within the Montana Department of Commerce (MDOC) administer the CDBG program in Montana. For the plan year ended March 31, 2005, the state received \$8,013,727 in federal CDBG funds.

The CDBG Economic Development (CDBG-ED) Program functions within the Commerce Loan Fund, which is located in the Business Resources Division (BRD). The Commerce Loan Fund also operates an EDA Revolving Loan Fund (RLF), funded in 1990 with an \$880,000 grant from the federal Economic Development Administration (EDA). The EDA grant plus \$300,000 of matching CDBG-ED funds initially targeted a project under EDA's Sudden and Severe Economic Deterioration Area program. All payments from loans made through the EDA RLF are required to be made to the MDOC and cannot be retained by the local government. The total loan repayments to the MDOC capitalize a state EDA revolving loan fund. Once loan repayments reach \$100,000, funds are available for loans.

- The HOME Investment Partnerships (HOME) program provides grant funds to units of local government and community housing development organizations to own, sponsor, or develop affordable housing for low-income persons. The MDOC Housing Division administers the HOME program. The purposes of this program include expanding the supply of affordable housing for low- and very low-income persons, improving the means for state and local governments to implement strategies to achieve adequate supplies of decent, affordable housing, and providing both financial and technical assistance to participants to develop model programs for affordable housing. Funds available in the plan year ended March 31, 2005 totaled

\$5,033,524, including recaptured and carryover funds of \$230,051. In addition, \$534,064 of HOME's American Dream Downpayment Initiative (ADDI) funds were available, and all were distributed. HOME grantees, which are allowed to keep and expend program income on HOME-eligible activities, distributed \$244,615 in program income during the plan year.

- The Intergovernmental Human Services Bureau (IHSB) of the Montana Department of Public Health and Human Services (MDPHHS) administers the Emergency Shelter Grant (ESG) program. Created in 1986, ESG provides funding for a broad range of eligible activities, including conversion, renovation, and rehabilitation of facilities; operation of facilities; delivery of essential services; and prevention of homelessness. ESG funding enables service providers to expand available emergency shelter capacity to broaden the range of services available to clients. ESG-funded entities may be either shelter or non-shelter providers.

The program received \$350,551 in the plan year ended 2005, which the IHSB distributed to the state's ten Human Resource Development Councils (HRDCs), which together cover virtually all of Montana. The HRDCs use the funds to meet the needs of the homeless or those at risk of homelessness at the local level.

The CDBG, HOME, and ESG formula grant programs identified four basic goals pertinent to the Consolidated Plan:

- Increasing the supply of decent, safe, affordable housing, especially for low- and very low-income families and individuals;
- Providing housing for special needs populations such as the elderly, disabled and homeless;
- Expanding economic opportunities in order to improve the living conditions for low- and moderate-income groups; and
- Expanding and improving community facilities and services, principally for low- and moderate-income persons, which are essential for sound community development and for development of viable communities.

PART I - ANNUAL PERFORMANCE REPORT

SECTION A - RESOURCES MADE AVAILABLE TO THE STATE

The following discussion separates federal and state funding sources and addresses components pertinent to individual program activities.

I.A.1 FEDERAL SOURCE - STATE ADMINISTRATION

Community Development Block Grant (CDBG) Program

The Community Development Block Grant program is a federally funded grant program designed to help communities with their greatest community development needs. The program was established by the Federal Housing and Community Development Act of 1974 (42 USC 5301) and is administered nationally by the U.S. Department of Housing and Urban Development (HUD). All projects must principally benefit low- and moderate-income families. The Business Resources and Community Development Divisions within the Montana Department of Commerce (MDOC) administer the CDBG program in Montana. For the plan year ended March 31, 2005, the state received \$8,013,727 in federal CDBG funds.

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Home Investment Partnerships (HOME) Program

Also funded by HUD, the HOME program provides grant funds to units of local government and community housing development organizations to own, sponsor, or develop affordable housing for low-income persons. The MDOC Housing Division administers the HOME program. The purposes of this program include expanding the supply of affordable housing for low- and very low-income persons, improving the means for state and local governments to implement strategies to achieve adequate supplies of decent, affordable housing, and providing both financial and technical assistance to participants to develop model programs for affordable housing. Funds available in the plan year ended March 31, 2005 totaled \$5,033,524, including recaptured and carryover funds of \$230,051. In addition, \$534,064 of HOME's American

Dream Downpayment Initiative (ADDI) funds were available, and all were distributed. HOME grantees, which are allowed to keep and expend program income on HOME-eligible activities, distributed \$244,615 in program income during the plan year.

Emergency Shelter Grant (ESG) Program

The Intergovernmental Human Services Bureau (IHSB) of the Montana Department of Public Health and Human Services (MDPHHS) administers the HUD-funded Emergency Shelter Grant (ESG) program. The program received \$350,551 in the plan year ended 2005.

Created in 1986, ESG provides funding for a broad range of eligible activities, including conversion, renovation, and rehabilitation of facilities; operation of facilities; delivery of essential services; and prevention of homelessness. ESG funding enables service providers to expand available emergency shelter capacity to broaden the range of services available to clients. ESG-funded entities may be either shelter or non-shelter providers.

The IHSB distributes the funds to the state's ten Human Resource Development Councils (HRDCs), which together cover virtually all of Montana (see map on page 52). The HRDCs use the funds to meet the needs of the homeless or those at risk of homelessness at the local level.

Housing Opportunities for Persons With AIDS (HOPWA)

Funds under this program are to be used to support HUD's national goal of increasing the availability of decent, safe, and affordable housing "for meeting the housing needs of persons" with HIV/AIDS and their families. Grantees are encouraged to develop community-wide comprehensive strategies and to form partnerships with area nonprofit organizations to provide housing assistance and related services for eligible persons.

The MDPHHS administers the competitively funded HOPWA grant for Montana. Approximately \$622,000 was available in the state for HOPWA services over the three-year period ending March 2005. The funds were equally divided between the Eastern Region (Billings) and the Western Region (Missoula) and were used for supportive services, sponsor administration, rental assistance, and/or short-term emergency assistance. The funding is Montana's share of a \$1.3 million, three-state (Montana, North Dakota, and South Dakota) HUD grant announced in late 2001. The funds were part of competitively awarded grants for housing, services and technical assistance, primarily for new programs in rural areas that did not qualify for federal block grant funding for HOPWA.

In October 2004, the MDPHHS was awarded a HOPWA renewal grant of \$1,450,800 to continue operating the Tri-state Housing Environments for Living Positively (TS HELP) program. Of the total, \$722,764 will be available to Montana for the year that begins in March 2005. This program is a continuum of housing and related supportive service

opportunities for people living with HIV/AIDS and their families serving these three states. TS HELP is a partnership between MDPHHS and four private agencies: the Sioux Falls Housing and Redevelopment Commission in South Dakota, Region VII Community Action Program in North Dakota, and Missoula AIDS Council and Yellowstone AIDS Project in Montana (see service area map on page 53).

Montana Department of Environmental Quality (MDEQ) Technical and Financial Assistance Program

The Montana Departments of Natural Resources and Conservation (MDNRC) and Environmental Quality co-administer Montana's Water Pollution Control State Revolving Fund (WPCSRF) and Drinking Water State Revolving Fund (DWSRF) Loan Programs.

Water Pollution Control State Revolving Fund

The WPCSRF program is designed to combine federal grant money with state matching money to create a low interest loan program that funds community wastewater treatment projects. The U.S. Environmental Protection Agency (EPA) makes a grant of federal funds to the state. The state must match 20 percent of that grant. The state's share is derived from the sale of state general obligation bonds. MDNRC makes loans to public entities at an interest rate of 4 percent for up to 20 years.

Since the WPCSRF program started, the state of Montana has issued \$22,480,000 in general obligation bonds, and EPA has contributed \$108.9 million in grants. These state bonds and federal grants, together with \$36,286,000 in "recycled" (unpaid) loan funds, account for the \$172.1 million program level. Twelve (12) loans were closed in the 2004 construction season for a total of \$28,917,000. The program expects to make loans of nearly \$8.3 million in 2005.

Drinking Water State Revolving Fund Loans

The program provides funds for training, technical assistance, and issuing low interest loans to local governmental entities to finance drinking water facilities and implement the Safe Drinking Water Act. State enabling legislation was passed in 1995 and amended in 1997 after the U.S. Congress passed federal enabling legislation in August 1996. The MDNRC and MDEQ applied for the federal funds in January 1998.

The state has issued more than \$10.9 million in general obligation bonds, EPA has obligated \$61 million, and \$10.6 million in recycled funds have been used to fund loans, for a program level of \$58,705,604. Six loans totaling nearly \$2.5 million were closed in the 2004 construction season and one existing loan was increased by the borrowing community. No loans are made over the 4 percent interest rate. MDNRC projects that \$15 million in drinking water loans will be made to communities in Montana in 2005.

U.S. Department of Energy (DOE) Energy Programs

The U.S. Department of Energy funds available for weatherization assistance totaled \$2,519,458 for the year ending in March 2005. These funds leveraged additional funds from the U.S. Department of Health and Human Services for the Low Income Energy Assistance Program (LIEAP), Northwestern Energy, Bonneville Power Administration, Universal System Benefits/Montana Dakota Utilities (USB/MDU) and Federal Jobs and Growth Tax Relief Reconciliation Act (FJGTRRA) funds. The total funds available for the year ending in 2005 were \$7,383,574. The MDPHHS Intergovernmental Human Services Bureau administers the program.

The weatherization program provides cost effective energy conservation measures for low-income households, and typically include heating system tune-ups, air infiltration reduction, and attic, wall and floor insulation. During the year ending in 2005, the program weatherized an estimated 2,019 homes in Montana, for a total energy savings of more than 64 billion BTUs.

Low Income Housing Tax Credit Program (LIHTC)

The low income housing tax credit is available under Section 42 of the Internal Revenue Code of 1986. The credit is a federal income tax credit for owners of qualifying rental housing meeting certain low-income occupancy and rent limitation requirements. The amount of tax credit that may be allocated annually for housing is limited to \$2.075 million per year plus a cost of living increase for Montana. The Montana Board of Housing (MBOH) is the state agency that administers the program and allocates tax credits for housing located in Montana.

Tenant Based Section 8 Housing Assistance Programs – Certificates, Rental Vouchers and Moderate Rehabilitation

Financed by HUD and administered by the MDOC Housing Division, Tenant Based Section 8 (TBS8) Housing Assistance Programs allow very low-income families to pay a set amount for rent and utilities, based on their gross adjusted income (currently 30 percent). Very low-income families have incomes of 50 percent or less of the HUD median family income for the county in which the family resides. HUD establishes income limits annually. The programs provide subsidy payments to property owners on behalf of program participants.

The TBS8 program, using 11 local field agents in eleven locations throughout the state, provides field services: issuing assistance documents, performing inspections, and examining annual income. The Housing Choice Vouchers is the main program in TBS8, with a HUD baseline of 3,716 units. However, due to the proposed funding level for calendar year 2005, the MDOC will only be able to issue approximately 3,600 vouchers.

The Moderate Rehabilitation (Mod Rehab) program is a project-based program containing 408 rental units. TBS8 subsidizes the rental units, provides a list of

prospective tenants to owners, and inspects the rental units annually to insure continued compliance with HQS.

Project Based Section 8

The Montana Project Based Section 8 (PBS8) program performs as a HUD contractor for management and oversight activities for 100 contracts involving 4,271 affordable rental units. PBS8 conducts on-site management reviews annually for the entire contract portfolio. In addition, PBS8 approves and processes payment vouchers to property owners and agents.

I.A.2 FEDERAL SOURCE - LOCAL ADMINISTRATION

The following programs are available to local groups on a competitive basis (national or regional competition) by applying directly to HUD.

Shelter Plus Care

The Shelter Plus Care (SPC) program is a source of permanent housing with supportive services to homeless people with serious disabilities. HUD began awarding SPC funds in 1992 to state and local governments and public housing agencies as a way to assist a population that has been traditionally hard to reach. The program targets homeless people with disabilities such as severe mental illness, chronic substance abuse, dual diagnoses (co-occurring mental illness and substance abuse), and/or HIV/AIDS. The program allows for a variety of housing choices, and a range of supportive services funded by other sources, in response to the needs of the hard-to-reach homeless population with disabilities.

Funds for SPC are available on a competitive basis through the state's Continuum of Care process. Montana currently has 186 SPC vouchers statewide; 162 are used for individuals and 24 for families. Vouchers have been awarded to the Billings Public Housing Authority (15); Yellowstone AIDS Council (17); Helena Public Housing Authority (28); Missoula AIDS Council (18); Missoula Public Housing Authority (96); and Butte Public Housing Authority (12).

Supportive Housing Program (SHP)

The Supportive Housing Program is designed to develop supportive housing and services that will allow homeless persons to live as independently as possible. Eligible applicants are states, units of local government, other governmental entities such as public housing authorities (PHAs) and private nonprofits. SHP was authorized by the McKinney-Vento Homeless Assistance Act of 1987. It is designed to promote, as part of a local Continuum of Care strategy, the development of supportive housing and supportive services to assist homeless persons in the transition from homelessness and to enable them to live as independently as possible. SHP assistance is provided to help

homeless persons meet three overall goals: achieve residential stability, increase skill levels and/or incomes, and obtain greater self-determination.

Funds for supportive housing are available on a competitive basis through the state's Continuum of Care process. In 2004, eight SHP projects received \$1,067,734 in competitive funds to provide transitional housing and supportive services. Seven of those projects received \$694,095 in renewal funding.

Supportive Housing for Persons with Disabilities (Section 811)

The Permanent Housing for Persons with Disabilities, Section 811, component is another type of supportive housing providing long-term, community-based housing and supportive services for homeless persons with disabilities. This type of supportive housing enables special needs populations to live as independently as possible in a permanent setting. The supportive services may be provided by the organization managing the housing or coordinated by the applicant and provided by other public or private service agencies. Permanent housing can be provided in one structure or several structures at one site or in multiple structures at scattered sites. No funds were awarded to Montana organizations for FFY 2004.

Supportive Housing for Elderly Persons (Section 202)

The Supportive Housing for Elderly Persons, Section 202, program provides supportive housing for very low-income persons 62 years of age or older. The program helps expand the supply of affordable housing with supportive services for the elderly by providing capital advances to finance the construction and rehabilitation of structures that will serve as supportive housing for very low-income elderly persons and providing rent subsidies for the projects to help make them affordable. It provides low-income elderly with options that allow them to live independently but in an environment that provides support activities such as cleaning, cooking, and transportation.

Housing Choice Voucher Family Self-Sufficiency (HCV/FSS) Program

HUD's Housing Choice Voucher Family Self-Sufficiency Program provides funds to public housing agencies specifically for the employment of family self-sufficiency coordinators. The FSS coordinators assist adults in job training, childcare, counseling, transportation, and job placement programs.

Participants in the job preparedness program, some of whom are on welfare, sign a contract that stipulates the head of the household will get a job and the family will become self-sufficient within five years. While enrolled in the program, as a family's income rises, a third of that income goes to an interest-bearing escrow account.

If a family fulfills the contract requiring employment and independence from welfare, they can use the escrow account for down payment on a home purchase, starting a business, paying back debts, and paying educational expenses. If a family fails to fulfill

the contract, they do not get the funds in the escrow account and may be terminated from the FSS Program.

HUD Housing Counseling Program

The Housing Counseling Program supports the delivery of a wide variety of housing counseling services to homebuyers, homeowners, low- to moderate-income renters, and the homeless to expand homeownership opportunities and improve access to affordable housing. HUD awards annual grants under this program through a competitive process. Organizations that apply for grants must be HUD-approved and are subject to biannual performance reviews to maintain their HUD-approved status.

HUD Rural Housing and Economic Development (RHED) Program

Rural nonprofit organizations, federally recognized Native American tribes, Community Development Corporations, and state agencies are the eligible applicants for HUD's Rural Housing and Economic Development Program grants. The funding helps rural communities to build and improve affordable housing, create jobs and generate community and economic development.

Rural communities use this funding as seed money to pay the start-up costs for activities undertaken by new organizations or for specific housing or economic development projects undertaken by new or existing groups. The grants also help organizations hire and train staff, develop strategic plans, and acquire office space and other needed facilities.

RHED grants also help pay for land acquisition, new home construction, housing demolition, infrastructure improvements, and construction training. Other possible uses include homeownership and financial counseling; financial assistance to homeowners, businesses and developers; creating microenterprises and small business incubators; and establishing lines of credit or revolving loan pools to benefit the local business community.

Self-Help Homeownership Opportunity Program (SHOP)

The Self-Help Homeownership Opportunity Program provides funds for eligible nonprofit organizations to purchase home sites and develop or improve the infrastructure needed to set the stage for sweat equity and volunteer-based homeownership programs for low-income persons and families. SHOP is authorized by the Housing Opportunity Program Extension Act of 1996, Section 11, and is subject to other crosscutting Federal requirements.

SHOP funds are used for eligible expenses to develop decent, safe, and sanitary non-luxury housing for low-income persons and families who otherwise would not become homeowners at market rates. Homebuyers must be willing to contribute significant amounts of their own sweat equity or volunteer labor toward the construction of the

housing units. Labor contributed by volunteers also helps buyers who are unable to perform their sweat equity tasks due to disabilities. Persons with disabilities who are unable to perform manual labor can provide administrative support. Eligible homebuyers must apply through the local affiliate of the national or regional nonprofit organization.

HUD awards grants to nonprofit organizations for self-help housing projects of at least 30 homes. Eligible grantees are national and regional nonprofit organizations or consortia with experience in using homebuyer and volunteer labor to build housing. Nonprofit organizations apply for funding through HUD's NOFA process announced annually in the Federal Register.

The only eligible expenses for SHOP funds are land acquisition and infrastructure improvements that, taken together, may not exceed an average of \$15,000 in assistance per home. Administration, planning, and management development costs are eligible expenses, but may not exceed 20 percent of the grant amount.

Fair Housing Initiative Program (FHIP) Grants

HUD's Fair Housing Initiatives Program grants go to public and private fair housing groups and state and local agencies across the country. The groups use the funds to investigate allegations of housing discrimination, educate the housing industry and public about housing discrimination laws, and work to promote fair housing.

- Under the Private Enforcement Initiative, 12 to 18 month grants of up to \$220,000 assist private, tax-exempt fair housing enforcement organizations in the investigation and enforcement of alleged violations of the Fair Housing Act and substantially equivalent State and local fair housing laws.
- Education and Outreach Initiative grants of up to \$100,000 are allocated for one year to inform and educate the public about the rights and obligations under federal, state, and local fair housing laws. Some funds are specifically awarded to programs that have a special focus on the fair housing needs of persons with disabilities, so that housing providers, the general public, and persons with disabilities themselves better understand their rights and obligations.
- Fair Housing Organizations Initiative grants are awarded for three years for projects that serve rural and immigrant populations in areas where there currently is no existing fair housing organization or are otherwise underserved.

U.S. Department of Agriculture Rural Development (USDA RD) Program

The U.S. Department of Agriculture Rural Development program funds several different housing programs. These include Single Family Housing Direct Loans (502), Repair and Rehab Loans and Grants (504), Guaranteed Rural Housing Loans (GRH). These programs are designed for very low-, low-, and median-income borrowers. In addition, RD programs also fund Multi-Family Housing Direct Loans and Guarantees, Rural Rental Assistance, Mutual Self-Help Grants, and Housing Preservation Grants.

I.A.3 STATE SOURCE - STATE ADMINISTRATION

Montana Department of Natural Resources and Conservation (MDNRC) Renewable Resource Grant and Loan Program

The Montana Department of Natural Resources and Conservation administers the Renewable Resource Grant and Loan (RRGL) program. Financial assistance is available to local governments in the form of grants or loans. Funds are used for grants up to \$100,000 and for securing loans for water and sewer projects. The level of funding for the RRGL program is projected to be \$4 million for each biennium.

Montana Board of Investments (MBOI) INTERCAP Revolving Loan Program

The INTERCAP Revolving Loan Program, offered by the Montana Board of Investments, provides loans to Montana local governments for a wide variety of purposes. Local governments may use the program to provide short- and long-term loans and bridge financing. For the plan year ended March 31, 2005, INTERCAP made \$24.8 million in loans to communities. To date, INTERCAP has made nearly \$207 million in loans to communities.

Montana Department of Commerce Treasure State Endowment Program (TSEP)

The Treasure State Endowment Program is a state funded grant program administered by the MDOC. The program was created to assist local governments with financing infrastructure projects in order to help keep the cost of the projects at an affordable level. TSEP funds can be used for constructing or repairing drinking water systems, wastewater treatment facilities, sanitary or storm sewer systems, solid waste disposal and separation systems, and bridges. Any incorporated city or town, county, or consolidated local government; county or multi-county water, sewer or solid waste district; or tribal government is eligible to apply to the TSEP program.

Montana Board of Housing Programs (MBOH)

The mission of MBOH is to alleviate the high cost of housing for low-income persons and families. The funds to operate the programs administered under the Housing Act of 1975 are generated through either the sale of tax-exempt bonds or administrative fees. MBOH programs fall into two categories: home ownership programs and multifamily programs. An additional program assists the elderly. MBOH programs are often used in combination with HOME and CDBG funds, where the MBOH provides permanent financing or equity financing.

MBOH Homeownership Programs

Single Family Revenue Bond Program: The Single Family Bond Program began in 1977. Its purpose is to assist low- and moderate-income Montanans in purchasing

homes in the state of Montana. The MBOH issues tax-exempt mortgage revenue bonds to provide below market rate funds to either purchase existing housing or to construct new housing. Primarily, this program is intended to be utilized by first-time homebuyers, however, in certain "targeted" areas, the borrowers do not need to be first-time buyers. Certain income requirements and house price restrictions must be met. Loan fund availability and mortgage rates vary with each new bond issue.

The MBOH works with approximately 180 lenders statewide to provide the mortgages and assists approximately 1,800 homebuyers per year.

Mortgage Credit Certificate (MCC) Program: The MCC Program, which began operation in April 2003, allows a qualified homebuyer to claim up to 20 percent of annual mortgage interest paid as a federal income tax credit. The remaining mortgage interest (80 percent) continues to qualify as an itemized deduction. The MCC may be used in conjunction with any conventional fixed or adjustable rate loan, FHA, VA or RD loans, or privately insured mortgage loans statewide, including loans made in Indian Country.

Recycled Single Family Mortgage Program: The MBOH has made additional mortgage funds available through the recycling of mortgage prepayments and other funds held under prior bond issues of the Single Family Mortgage program. The MBOH's goal, with the recycled funds, is to assist lower income persons and families that do not have the financial capabilities to purchase a safe and sanitary home through other single-family programs. Applications for recycled fund set-asides are submitted through the MBOH's "Request for Proposal" process on a monthly basis.

Disabled Accessible Affordable Homeownership Program: In 1993, the MBOH initiated the Disabled Accessible Affordable Homeownership Program for persons with disabilities to acquire affordable, architecturally accessible homes. Qualifying for this program requires that an eligible homebuyer, spouse, child, or parent have a permanent physical disability with a mobility impairment, meet income and family asset limits, and be a first-time homebuyer or have a home purchased prior to the disability that is no longer accessible to their needs. Interest rates vary depending on the buyer's annual income.

MBOH Multifamily Programs

The MBOH issues tax-exempt bonds to finance the construction of new, or rehabilitation of existing, low-income multifamily housing. MBOH anticipates issuing bonds to finance projects that meet its requirements through the following programs:

Risk Share Loan Program: The Risk Share Loan Program is a source of permanent mortgage financing for affordable rental housing meeting certain low-income occupancy and rent limitation requirements. In partnership with HUD, this program provides FHA mortgage insurance for permanent financing of multifamily rental property. The MBOH provides mortgage underwriting and loan management as well

as financing, and the two entities share the risk of loss from project default. Authorized to make loans to multifamily housing sponsors by state law, the MBOH received final approval to participate in the Risk Sharing Program with HUD in June 1994.

General Obligation (G.O.) Program: The G.O. Program is a source of permanent mortgage financing for affordable rental housing that meets certain low-income occupancy and rent limitation requirements. The MBOH obtained a G.O. rating of A2 from Moody's Investors Service in April 1997. With this rating, the MBOH is able to issue tax-exempt bonds to finance projects that do not have mortgage insurance. These projects will typically have multiple sources of funding that have very low loan to value ratios and little risk of loss in the event of loan default. The MBOH also provides mortgage underwriting and loan management.

MBOH Elderly Assistance Program

Reverse Annuity Mortgage Loan (RAM) Program for Elderly Persons: The RAM program, implemented by the MBOH in October of 1990, enables persons 68 years or older (some exceptions may apply) to benefit from an additional income source from the use of their home equity. In addition to other uses, the funds may be used to make repairs or improvements to the home. Eligibility is subject to certain income requirements.

MBOH Affordable Housing Revolving Loan Account

The 1999 Legislature found that current economic conditions, federal housing policies, and declining resources at the federal, state, and local levels adversely affected the ability of low- and moderate-income persons to obtain safe, decent, and affordable housing. Because of this, the Affordable Housing Revolving Loan Account (RLA) was established. The MBOH funded the RLA with \$1.5 million of mortgage assets from loans made from an affordable housing program (AHP) grant from the Federal Home Loan Bank.

The 2001 Legislature added three other funding sources to the Affordable Housing Revolving Loan Fund. Two sources were transfers from existing programs (1) \$500,000 from the Section 8 reserve account, and (2) approximately \$3.4 million from the Temporary Assistance to Needy Families (TANF) grant. The third funding source is from direct donations that qualify for a tax credit. The TANF funds were reduced to \$700,000 by the August 2002 special legislative session.

The Affordable Housing RLF is used to provide loans to projects providing affordable housing in Montana. These projects typically need that last small piece of financing to make them feasible. TANF funds are also used for homebuyer assistance loans.

I.A.4 METHOD OF FUND DISTRIBUTION TO LOCAL GOVERNMENTS AND OTHER ENTITIES

Community Development Block Grant

Fund distribution for the CDBG **Housing** and **Public Facilities** categories is based on annual competitions for each category. Eligible applicants are limited to general-purpose local governments: counties and incorporated towns and cities under 50,000 in population. The maximum grant request for each category was \$500,000. Grantees with open grants must significantly draw down their existing funds before they are eligible to apply for additional program funds from CDBG. Each local government may apply for one housing project and one public facility project each program year.

Of the \$8,013,727 the state received for FFY 2004, \$2,557,772 was allocated to the Business Resources Division for economic development projects. Another \$3,375,475 was allocated for public facility projects and \$1,516,068 was allocated for housing projects, administered by the Community Development Division. The CDBG programs also set aside a combined \$450,000: \$225,000 for CDBG-ED and \$225,000 for CDBG Housing and Public Facilities, during the plan year for technical assistance grants to local governments related to housing, public facilities, and community development activities.

CDBG Housing and Public Facilities also allocated its FFY 2005 funds during the plan year ended March 31, 2005. Out of the \$7,626,300 the CDBG programs will receive for FFY 2005, the Community Development Division allocated \$3,201,605 for public facility projects and \$1,438,403 for housing projects. (See the following discussion regarding the accelerated grant competition.)

For several years, HUD has been placing increasing pressure on all of the states and cities that administer the CDBG Program to expedite the expenditure of their CDBG funds. Because, overall, on the national level, local governments have been slow in completing their CDBG projects (at least in the view of Congress), HUD finds it very difficult to persuade Congress to maintain constant levels of funding for the program while billions of CDBG funds remain "in the pipeline" unspent. It has also been difficult for Congress to understand the lag that occurs between its approval of an annual appropriation for CDBG nationally and the actual expenditure of those funds by a local CDBG project. HUD staff believes that there is a very real possibility that CDBG funds could eventually be cut significantly as a result of Congress' concerns.

The MDOC typically receives notification of the amount of Montana's CDBG allocation for each federal fiscal year (FFY) in April, or six months after the beginning of the federal fiscal year. Until 2003, applications for CDBG public facilities grants were due in May and the grant awards for that year's funds were announced in August or September. This resulted in at least an additional five-month delay between when MDOC received its fiscal year allocation and when public facility funds were awarded. Applications for CDBG housing grants were due in the fall and the grant awards were

usually announced in mid-winter. The lag time between receipt of the state's CDBG allocation and housing grant awards was seven to eight months or longer.

Overall, Montana has had a good track record in the expenditure of CDBG funds, ranking in the top quarter of states in its rate of spending. However, in response to Congress' concerns and with HUD's encouragement, the MDOC changed the funding cycle. Beginning with the FFY 2003 and 2004 funding cycle, the MDOC conducted grant competitions for FFY 2002, 2003, and 2004 funding allocations during a 24-month period. This acceleration of the grant competitions was a one-time only event.

The objective of the change was to establish a long-term annual grant application cycle for future years that will provide for the ranking of both housing and public facility applications in the calendar year before the actual receipt of the FFY CDBG allocation that will fund those projects. This allows MDOC to award grants to communities immediately upon notification of that year's CDBG allocation. Grants are awarded in order of the ranking scores assigned during the previous calendar year's grant competition, based on the amount of funds allocated to the housing and public facilities project categories. This eliminates the lag time between the receipt of the state's CDBG allocation and the award of those funds, as described above.

Another key goal of Montana's "fast-forward efforts" for CDBG was to achieve better coordination between the funding cycles of the CDBG and TSEP programs. TSEP conducts a grant competition every other year, with applications submitted in the spring of even-numbered years. The projects must be approved by the Montana Legislature, which convenes in odd-numbered years from January through April. The "fast-forward" schedule provides the opportunity for concurrent review of proposals submitted to both programs.

The FFY 2005 CDBG **Public Facilities** category application deadline was May 28, 2004. The **Housing** application deadline was November 19, 2004 for FFY 2005 funds. For FFY 2004, \$200,000 was set aside from available CDBG funding for **technical assistance** matching grants for preparing community plans and studies related to future housing and public facilities projects. Fourteen technical assistance grants were awarded.

The CDBG **Economic Development** program accepts applications on a continuous basis as long as funding is available for the program year. Like CDBG Housing and Public Facilities, eligible applicants for CDBG-ED funds are limited to local governments (counties and incorporated towns and cities) except the cities of Billings, Great Falls, and Missoula, which receive entitlement funds. Eligible local governments were encouraged to submit applications for the program year starting April 1, 2004. The maximum grant request a local government could make was \$400,000 per community. Local governments typically use CDBG-ED funds to make loans to area businesses. The local government may re-lend loan repayments from the businesses if the local government demonstrates to the MDOC that it has the capacity to administer a local revolving loan fund (RLF), or that it will contract with a qualified local development

organization to manage those loan payments. The local RLF can then re-lend funds to other community businesses.

In addition, for the plan year ended March 2005, \$225,000 was set aside for technical assistance activities. The CDBG-ED program entered a Memorandum of Agreement with the Small Business Development Center Bureau (SBDC) for its Montana Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Outreach Program, and the MicroBusiness Development Corporations (MBDC) program. Of the CDBG-ED technical assistance funds, \$105,000 was set aside for this activity. The SBIR/STTR and MBDC programs to provide outreach, counseling, training, and technical assistance to small businesses.

Of the remaining \$120,000 technical assistance funds set aside, \$95,000 was used for a planning grant competition, in which 10 planning grant activities were funded. Additionally, the CDBG-ED program in conjunction with the CDBG Public Facilities and Housing program, contracted with Montana Economic Developers Association (MEDA) to provide technical assistance to Montana communities through Resource Team Assessments. Resource Team Assessments allow community members to help develop their community's goals and initiatives for community development. Of the technical assistance funds for the CDBG-ED program, \$25,000 was set aside for this activity.

The Business Resources Division made six loan(s) totaling \$2,595,760 during the program year. No funding was awarded from the EDA RLF, which had a balance of \$86,945 at the end of the program year.

HOME Program

FFY 2004 HOME Program funds were distributed primarily through a competitive grant application process with a deadline of March 5, 2004. Eligible applicants include general-purpose local governments (counties, incorporated cities and towns, and consolidated city-county governments), Community Housing Development Organizations (CHDOs) certified by the MDOC, and public housing authorities. The maximum request for a HOME project was \$500,000. CHDOs receive a minimum of 15 percent set-aside of each fiscal year allocation. Existing grantees are eligible to reapply for a HOME grant if they are in compliance with the current project Implementation Schedule, have no unresolved audit, monitoring or performance findings on any previous grants, and are 75 percent spent down on their prior grant awards.

Funds available from HUD in the plan year ended March 31, 2005 totaled \$5,567,588, including \$534,064 of ADDI funds. A portion of the ADDI funds, \$199,324, was allocated to the cities of Billings (\$54,402), Great Falls (\$54,402), and Missoula (\$70,031). Four CHDOs were allocated \$1,680,393 in funds, far exceeding the required 15 percent (\$720,476) of the HOME allocation.

Emergency Shelter Grant Program

The 10 regional HRDCs receive 95 percent of the funds allocated under this program. Funds are distributed based on a formula allocation contained in ARM 53-10-502 pertaining to the federal Community Services Block Grant. This allocation reflects areas of poverty and general population.

Housing Opportunities for Persons With AIDS

The MDPHHS, in partnership with the states of South Dakota and North Dakota, was awarded \$1,309,501 in December 2003 for a three-year project to create the Tri-State Housing Environments for Living Positively (TS HELP). The funds were allocated among four regional private agencies in the three states: Missoula AIDS Council and Yellowstone AIDS Project (Montana); Community Action Program, Region VII (North Dakota); and Sioux Empire Red Cross (South Dakota)¹. The MDPHHS provided overall administrative oversight for the project with contracted program coordination and evaluation from Montana State University (MSU).

In October 2004, the MDPHHS was awarded a three-year HOPWA renewal grant of \$1,450,800 to continue operating TS HELP in the three states. TS HELP provides tenant-based rental assistance subsidies, emergency assistance subsidies, and housing coordination services to individuals living with HIV/AIDS and their families. A variety of additional services and resources are available to persons living with HIV/AIDS and their families through HOPWA funding and leveraged resources. Services will be provided by Sioux Falls Housing and Redevelopment Commission in South Dakota, Region VII Community Action Program in North Dakota, and Missoula AIDS Council and Yellowstone AIDS Project in Montana. The MDPHHS will provide overall administrative oversight for the project and it is anticipated that Montana State University will continue to provide program coordination and evaluation

Treasure State Endowment Program

The TSEP program provides grants for construction projects, preliminary engineering studies, and emergency projects. Matching grants for construction projects are limited to \$500,000 per applicant and typically require a dollar for dollar match, although other grants can be used for match. The program will propose raising the limit to \$750,000 for the next funding cycle. Funding for construction projects is awarded through a competitive process held every other year, with applications due in May of the year preceding the legislative session. The 2005 Legislature reviewed 47 applications and awarded approximately \$16 million in grants to local governments to fund 40 construction projects. The program is projecting that approximately \$17 million will be available to award to applicants when the Legislature meets in 2007.

¹ The South Dakota agency, Sioux Empire Red Cross decided not to renew their HOPWA contract for the next program year, effective March 15, 2004. The Sioux Falls Housing and Redevelopment Commission has since taken over the HOPWA contract.

The program was appropriated \$600,000 for the state fiscal years 2006 and 2007 for grants for preliminary engineering studies. These grants are non-competitive and are awarded by the MDOC on a first-come first-served basis. All of the funds were awarded immediately after the appropriation was approved by the Legislature in 2005, and the MDOC funded 43 studies.

The 2005 Legislature also appropriated \$100,000 to the MDOC for fiscal years 2006 and 2007 to provide grants for emergency projects that cannot wait for legislative approval. As of April 30, 2005, the MDOC awarded four emergency grants from the 2005 biennium appropriation, totaling \$28,590.

Montana Board of Housing Programs

The Single Family program is ongoing based on availability and market interest rates. The Multifamily Risk Sharing program accepts applications on a monthly basis. The Reverse Annuity Mortgage Loan Program for elderly persons is ongoing. The MBOH allocates Low Income Tax Credits through its qualified allocation plan at two set deadlines per year. For-profit and nonprofit entities are eligible. Selection criteria include projects serving low-income tenants, projects located in distressed or hard-to-develop areas, projects meeting the areas housing needs and priorities, projects servicing tenant populations with special housing needs, and projects in areas with long waiting lists for assisted housing.

SECTION B – INVESTMENT OF AVAILABLE RESOURCES

I.B.1 FEDERAL SOURCE – STATE ADMINISTRATION

CDBG FFY 2004 Public Facilities Grant Awards

(Application Deadline: May 23, 2003)

Applicant:	BUTTE-SILVER BOW COUNTY
Type of Project:	Infrastructure Improvements for the Central Butte Neighborhood
CDBG Award:	\$ 248,000
Other Funds:	\$ 82,500
Project Total:	<u>\$ 330,500</u>

Summary: The Main Street neighborhood in Butte is over 100 years old, with homes built between 1896 and 1917. Currently, 81% of the sidewalks in the proposed three-block area are considered highly substandard, resulting in dangerous conditions for the residents and the public. There is considerable foot traffic on these sidewalks as Main Street is a major thoroughfare to the central business district and to the only public high school in Butte. Improvements to this three-block area would consist of removing and replacing sidewalks, curbs and gutters; constructing handicapped accessible ramps; replacing hydrants; and installing new sewer and water hook-ups at eleven newly constructed homes.

Community Information: Population Served:..... 110
Number of Households: 63
Benefit to LMI Households: (2003 Neighborhood Survey)97%

Applicant:	CASCADE COUNTY
Type of Project:	Water Distribution/Wastewater Collection
CDBG Award:	\$ 500,000
Other Funds:	
	\$ 900,000 Small Town Assistance Grants (STAG)
	\$ 500,000 TSEP
	\$ 100,000 MDNRC RRGL
	\$ 480,000 State Revolving Loan Fund (SRF)
	\$ 20,000 TSEP/MDNRC Planning Grants
Project Total:	<u>\$ 5,840,000</u>

Summary: The Upper/Lower River Road Water and Sewer District began developing in 1917 with the first subdivision plat. There are now eight different subdivisions and five mobile home parks with on-site water and wastewater systems. After doing a groundwater study in 1997-1998, the MDEQ and the City/County Health Department found high levels of nitrate and ammonia in drinking water wells. This project proposes to install 25,700 feet of 8" PVC sewer lines, 23,200 feet of 8" PVC water mains, water meters for all users, and connect to the existing city of Great Falls water transmission and sewer trunk lines that transect the district.

Community Information: Population Served:..... 1,109
Number of Households: 442
Benefit to LMI Households: 2003 Neighborhood Survey58%
Number of Hookups: 442

Applicant:	DAWSON COUNTY	
Type of Project:	Senior Citizens Center	
CDBG Award:	\$	500,000
Other Funds:	\$	100,000 Local – Cash-County
	\$	61,800 Local – Fundraising
	\$	85,000 In-Kind – Site Work
	\$	5,000 Local – Preliminary Architectural/Grant Writing
Project Total:	\$	<u>751,800</u>

Summary: The Dawson County Senior Center building was constructed in the early 1920's and is about 40' x 50' in size with a basement. Later, a 40' x 50' addition was constructed to the north and another 10' x 80' addition to the west was added around 1947. More recently, another 11' x 14' addition was constructed to the north. The building has reached its useful life span and must either be replaced or extensively remodeled. Dawson County proposes to construct a new facility at an alternate location. This facility would address all health and safety issues and provide a long-term solution to the problems it faces with the current facility.

Community Information:	Population Served:.....	9,059
	Number of Households:	3,625
	Benefit to LMI Households:.....	51%

Applicant:	CITY OF LAUREL	
Type of Project:	Wastewater Collection System	
CDBG Award:	\$	500,000
Other Funds:	\$	15,000 TSEP
	\$	268,000 City of Laurel - Sewer Enterprise Reserve
	\$	10,000 MDNRC
Project Total:	\$	<u>793,000</u>

Summary: The city of Laurel's wastewater facilities consist of a wastewater collection system (constructed in 1910), two lift stations, and a wastewater treatment facility. The treatment plant is currently treating in excess of 1.0 million GPD of ground water during the summer months. During peak flow events, the plant is not able to treat to permitted effluent limits. Increasing amounts of infiltration and inflow are impacting the capacity of sewer mains within the collection system. The city proposes to repair and replace within their wastewater facilities: the Idaho Avenue sewer main, an 8-inch sewer main connected to the larger 18-inch plant trunk main, and the wastewater treatment plant drain pump station.

Community Information:	Population Served:.....	6,255
	Number of Households:	2,529
	Benefit to LMI Households: 2000 Census:	48%
	Laurel 2000 Income Survey:	56%
	Number of Hookups:	2,907

Applicant: CITY OF LEWISTOWN
Type of Project: Wastewater Facility Improvements
CDBG Amount: \$ 379,200
Other Funds:
\$ 136,460 USDA/Rural Development
\$ 29,680 Local – Cash
\$ 600 Local – Match
Project Total: \$ 545,940

Summary: The Joyland East area of Lewistown Heights was annexed by the city of Lewistown in December 2001. Due to growth expectations circa 1910, the Lewistown Heights area was platted to accommodate substantial anticipated growth. Because of the overall age of the residences and their septic systems, a number of systems are currently failing, including wastewater drain fields. Phase I of the proposed project includes extending the city's wastewater service with gravity mains (eliminating individual septic systems). This would include installing 3,600 feet of new eight-inch gravity mains, 4,400 feet of four-inch service lines, 16 concrete manholes, 44 gravity service connections (to existing dwellings), and 4 grinder pump-equipped service connections.

Community Information: Population Served:..... 99
Number of Households: 48
Benefit to LMI Households:..... 79%
Number of Hookups: 44

Applicant: PONDERA COUNTY (on behalf of the Pondera Medical Center)
Type of Project: Renovation/Expansion of a County Healthcare Facility
CDBG Amount: \$ 302,000
Other Funds:
\$ 44,133 Private Donations – Matching Funds
\$ 59,205 Fundraisers – Matching Funds
Project Total: \$ 405,338

Summary: Pondera Medical Center Extended Care (PMCEC) is a 59-bed extended care facility in north-central Montana (located in Conrad) which serves over 6,000 people from the communities of Dutton, Brady, Conrad, Valier, Collins, and Depuy. The Special Care Unit is a narrow, controlled-entry hallway created for residents suffering from Alzheimer's disease and other dementia-related disorders. The census for this unit is at 19, which is 100% occupied, resulting in minimal space for the patients to carry out their everyday activities. The dining area allows for only half of the residents, while the other half are directed to take their meals in the hallway. The "living room" has the same space inadequacies. The existing space in the Special Care Unit currently meets only the minimum standards of state regulations. PMCEC proposes to expand the nursing home by adding a 2,000 square foot addition to the Special Care Unit in order to increase the quality of life for a growing group of elderly residents who need specialized, Alzheimer-related, long-term care.

Community Information: Population Served:..... 59
Number of Households: 59
Benefit to LMI Households:..... 81%

Applicant: **TOWN OF SUPERIOR**
Type of Project: Wastewater Lift Station Improvements
CDBG Amount: \$ 252,085
Other Funds:
\$ 232,586 State Revolving Fund Loan
\$ 19,500 Local – cash reserves
Project Total: **\$ 504,171**

Summary: The existing wastewater treatment and collection system was built in 1969, utilizing an aerated lagoon system, gravity collection and three lift stations to pump the collected waste. The proposed project would include replacement of all three existing lift stations utilizing submersible pumps located in new concrete wet wells. All pump controls would be located above ground and the submersible pumps could be removed for operation and maintenance without entering the wet wells. The stations would have new controls, alarm systems complying with MDEQ design standards, and an ultraviolet disinfection system would be installed to treat the lagoon effluent.

Community Information: Population Served:..... 893
Number of Households: 373
Benefit to LMI Households:..... 66%

CDBG FFY 2005 Public Facilities Grant Awards

(Application Deadline: May 28, 2004)

Applicant: **CITY OF BOZEMAN (on behalf of Reach, Inc.)**
Type of Project: Construction of New Work Center
CDBG Award: \$ 500,000
Other Funds:
\$ 451,185 First Security Bank – loan
\$ 275,000 Capital Campaign – (pledged or donated as of 5/17/04:
\$256,554)
\$ 500,000 Expected from sale of existing facility (with commitment
from First Security Bank for a bridge loan pending sale)
\$ 59,400 Reach reserves
Project Total: **\$ 1,785,585**

Summary: Reach, Inc. is a private, nonprofit organization established in 1974, which serves and supports adults with developmental disabilities in Bozeman and the surrounding area. Reach currently provides residential and vocational services to approximately 91 people and within the next 3–5 years will be asked to serve an additional 35-40 people with disabilities coming from the Bozeman-area high schools. To deal with the problem of its overcrowded facilities, Reach will build a new 13,290 square foot work center that would allow adequate space to serve the growing number of Bozeman area development disabled adults.

Community Information: Population Served Currently: 91
Population Served Projected: 117
Number of Households: 117
Benefit to LMI Households:..... 96%

Applicant: **TOWN OF CASCADE**
Type of Project: Waste Water System Improvements

CDBG Award: \$ 500,000
Other Funds:

\$ 500,000	TSEP Grant
\$ 100,000	MDNRC RRGL Grant
\$ 178,000	Town Reserves
\$ 5,000	TSEP Preliminary Engineering Report

Project Total: **\$ 1,283,500**

Summary: The town's water distribution system, constructed in 1913, has frequent leakage problems which could increase the potential for backflow and contamination of the public water supply from outside sources as well as negative pressures and inadequate fire protection. Improvements would be done in several phases. The first phase would include replacement of old and undersized mains with new 10-inch, 8-inch, and 6-inch PVC; replacement of all 1913-vintage fire hydrants with new 6-inch hydrants; and construction of a core transmission line into town with a 10-inch main. Water storage improvements would include: construction of a new 273,000 gallon buried concrete storage reservoir; installation of new telemetry controls for the wells and water storage reservoirs; and purchase of a portable generator for emergency operation of the existing water wells.

Community Information: Population Served:..... 819
Number of Households: 322
Benefit to LMI Households:..... 57%
Number of Hookups: 348

Applicant: **TOWN OF DODSON**
Type of Project: Waste Water System Improvements

CDBG Award: \$ 443,150
Other Funds:

\$ 427,500	TSEP Grant
\$ 100,000	MDNRC RRGL Grant
\$ 88,212	State Revolving Fund (SRF) Loan

Project Total: **\$ 1,058,862**

Summary: The town's central collection and treatment system, originally constructed in 1958, discharges to a lift station located south of town. The lift station pumps wastewater to the facultative lagoon via a 2,900 lineal foot, 6-inch diameter cement-asbestos force main. The treatment system consists of a single-cell facultative lagoon system with no disinfection and a direct discharge of treated effluent to Dodson Creek, which flows into the Milk River. Since 1994, the town has received over a dozen water quality violations. Their current discharge permit has a compliance schedule, which requires improvements at the lagoon site. Other deficiencies include: a substandard existing lift station that is in poor condition; no alarm or backup power for the pumps; outdated controls and electrical/mechanical systems; and a major safety hazard concerning access to the dry well. This project would involve construction of a new lift station and replacement of the existing lagoon with a two-cell total retention wastewater treatment system.

Community Information: Population Served:..... 122
Number of Households: 57
Benefit to LMI Households:..... 53%
Number of Hookups: 75

Applicant: CITY OF HAVRE (on behalf of District IV HRDC)
Type of Project: Construction of a New Head Start Facility

CDBG Funds \$ 500,000
Other Funds:

\$ 256,461	USDA Rural Development Community Facility Loan
\$ 1,700,000	Federal Appropriation Request-Grant
\$ 20,000	Burlington Northern/Santa Fe Foundation Grant
\$ 50,000	MDPHHS for Children & Families (AFDC) Grant
\$ 50,000	M.J. Murdock Foundation Grant
\$ 50,000	Allan Foundation Grant

Project Total: **\$ 2,626,461**

Summary: The District IV HRDC contracts with the U.S. Department of Health and Human Services Head Start Bureau to provide the Head Start program within Blaine, Hill, and Liberty counties. The HRDC currently serves 151 funded enrollment children, with 29 of these children coming from outside of Hill County. The Head Start facility, located in Havre, has a staff of 39 and 3 separate buildings, with the main building having three classrooms. In 2001, the Havre Public Schools changed its neighborhood schools to grade-level schools, including the Devlin School, where the HRDC had occupied two classrooms for Head Start. With these classrooms no longer available, the HRDC moved its Head Start activities into its current facility, which has several inadequacies: there are no sprinkler systems; the buildings do not comply with egress requirements; it is not fully handicapped accessible; it does not meet indoor air quality requirements; there is overcrowding; and it does not comply with federal Head Start performance standards of 35 square feet per child. The project proposes construction of a new 12,425 square foot building adjacent to HRDC's administration building.

Community Information: Population Served:.....9,621
Number of Households:4,015
Benefit to LMI Households:.....90%

Applicant: HILL COUNTY (on behalf of Rudyard County Water & Sewer District)
Type of Project: Waste Water System Improvements

CDBG Award: \$ 344,400
Other Funds:

\$ 441,950	TSEP Grant
\$ 82,553	SRF Loan
\$ 15,000	Local Loan

Project Total: **\$ 883,903**

Summary: The Rudyard County Water and Sewer District was created in 2003 and replaced the Rudyard Improvement Association, which had been managing Rudyard's central sewer collection and treatment system. The current system was constructed in the 1950's and has over 18,000 feet of gravity collection main, with the majority of the mains being 6-inch diameter clay tile. Sewage is gravity-fed to the lagoon site, which has a lift station to pump the sewage into the four-cell total retention lagoon system. The gravity collection system is failing and the lift station is outdated. There is a serious health threat caused by 25-30 backups a year into private residences. The MDEQ inspection report indicates the need for lift station alarms, backup power or pumping ability, and stated concerns with the lift station being located in a depression. This project would replace approximately 61% (6,725 linear feet) of the existing 6-inch clay tile lines with PVC lines; install new manholes; replace the existing lift station with a new submersible package station; purchase a portable pump for emergency use; and install a new forcemain from the lift station to Treatment Cells #1 and #2.

Community Information: Population Served:..... 275
Number of Households: 126
Benefit to LMI Households:..... 52%
Number of Hookups: 135

Applicant: CITY OF KALISPELL (on behalf of Northwest Montana Head Start)
Type of Project: Construction of New Head Start Facility

CDBG Award: \$ 500,000

Other Funds:
\$ 1,497,386 USDA Rural Development Loan
\$ 19,500 Northwest Montana Head Start Cash & In-Kind
\$ 3,700 City of Kalispell Cash & In-Kind

Project Total: **\$ 2,020,586**

Summary: Since 1969, the Northwest Montana Head Start, Inc. (NMHS) has provided the Flathead Valley and north Lincoln County with pre-school education services, family support services, health education and health services, mental health services, nutritional education and meals, and collaborated with local area education services in helping with special needs children. The program serves 234 children at five centers from these areas. The Kalispell facility became unsafe due to high levels of mold and was closed. The program moved into the Evergreen facility, which had inadequate space, minimal ADA accessibility, and unsafe classrooms in case of fire. NMHS proposes to build a new facility that would house the Kalispell/Evergreen Head Start operations and administration offices, provide complete ADA accessibility, and safe bus and parent pick-up and drop-off areas, allowing NMHS to implement the new full-day, full-year day care program.

Community Information: Population Served-Flathead County:..... 74,471
Number of Households-Flathead County: 30,344
Number of Households-City of Kalispell: 6,121
Benefit to LMI Households:..... 99%

Applicant: TOWN OF ST. IGNATIUS
Type of Project: Water System Improvements

CDBG Award: \$ 500,000

Other Funds:
\$ 50,000 St. Ignatius Cash Reserve
\$ 1,184,500 USDA Rural Development Loan
\$ 1,184,500 USDA Rural Development Grant
\$ 500,00 TSEP Grant
\$ 100,000 MDNRC RRGL Grant
\$ 400,000 Indian Heath Service Grant

Project Total: **\$ 3,919,000**

Summary: The town's wastewater treatment system is a single-cell facultative lagoon constructed in 1956, and for many years has been in violation of the system NPDES discharge permit limits and Tribal water quality standards. Due to the age, configuration, and size of the system, several deficiencies could present a direct threat to the public: the town is under an EPA compliance order to meet the discharge limit for coliform in the discharge effluent by October 1, 2004; discharge of inadequately treated wastewater effluent to the spring creek and groundwater (lagoon leakage and infiltration during winter months) has resulted in degradation of surface water and groundwater and ammonia toxicity in the receiving water. The project proposes construction of a non-discharging treatment, storage, and irrigation system on three sites, with land application to agricultural land. Each site would need the same amount of

main line (17,500 feet) to transport wastewater from the proposed lift station at the existing lagoon site to the treatment/irrigation site. New lagoon cells would be lined, sealed manhole covers would be installed on the collection system manholes that are subject to inflow, and the school would be required to disconnect roof drains from the wastewater collection system.

Community Information: Population Served:..... 532
 Number of Households: 213
 Benefit to LMI Households:..... 66%
 Number of Hookups: 254

Applicant: YELLOWSTONE COUNTY (on behalf of Custer Area/Yellowstone County Water & Sewer District)
Type of Project: Waste Water Project
CDBG Award: \$ 500,000
Other Funds:
 \$ 500,000 TSEP Grant
 \$ 117,854 SRF Loan
 \$ 125,000 Coal Board Grant
 \$ 100,000 MDNRC RRGL Grant
 \$ 14,343 TSEP PER Grant
 \$ 12,579 District Matching Funds
Project Total: **\$ 883,903**

Summary: The Custer Area/Yellowstone County Water & Sewer District was established in 2003. The district's wastewater system was built in 1968 and consists of a gravity sewer collection system, a dry-well type lift station, and two facultative lagoons. In 1998, there was one emergency replacement of approximately 400 feet of sewer lines. The district has concerns regarding public safety and health threats: the lagoons are leaking approximately 84% of the wastewater that enters; with a detention time of five days, untreated wastewater is directly entering the groundwater; there are large increases of flow during irrigation seasons, indicating inflow and infiltration; the 34-year-old lift station is a safety hazard due to corrosion of the manholes; there is a possibility of electrocution with electrical components, and there is no room for expansion in the dry well for a flow meter. Improvements to the project would include: building a new lift station; replacing one-third of the in-town clay tile pipe and the last 2,650 feet of pipeline from town to the lagoons with a force main; lining and restructuring the lagoon cells to include two facultative lagoons and infiltration/percolation ponds; and installing a force main in place of the gravity sewer to eliminate inflow and infiltration.

Community Information: Population Served:..... 145
 Number of Households: 59
 Benefit to LMI Households:..... 68%
 Number of Hookups: 67

CDBG FFY 2004 Housing Project Awards

(Application Deadline: October 17, 2003)

Applicant: GALLATIN COUNTY
Type of Project: "The Road to Home" Homeownership Center

CDBG Amount:	\$ 500,000	
Other Funds:		
	\$ 1,000,000	Rural Development (Rural Home Loan Partnership)
	\$ 29,200	Northern Rocky Mountain RC&D
	\$ 10,000	United Way
	\$ 200,000	Neighborhood Housing Service
	\$ 10,000	HRDC
	\$ 20,000	Local Initiatives Support Corporation (LISC)
	\$ 20,000	Private Foundations
	\$ 3,000,000	MBOH
	\$ 5,412,000	Private Lenders
	\$ 60,000	Home\$tart
	\$ 200,000	City of Bozeman
	\$ 100,000	RHED
Project Total:	<u>\$10,561,200</u>	

Summary: The “Road to Home” is a comprehensive homeownership center providing low- to moderate-income families with home purchasing education, mortgage counseling, and down payment assistance. This project would ensure that area lenders are carrying affordable mortgage products, help purchasers obtain public and private financing resources and assist in loan packaging so that the purchasers receive the best mortgage for their circumstances. CDBG funds would be used as a revolving down payment assistance fund for households below 80% of the Area Median Income. The “Road to Home” would network with the many existing homeownership centers in Montana to bring the benefits offered by these programs to LMI households seeking to purchase a home within Gallatin County’s developed areas.

Applicant:	CITY OF KALISPELL
Type of Project:	First-Time Homebuyer
CDBG Amount:	\$ 324,500
Other Funds:	
	\$ 800,000 MBOH Set-Aside
	\$ 520,000 Rural Development Set-Aside
	\$ 40,000 Glacier Affordable Housing Foundation (GAHF)
	\$ 200,000 Neighborhood Housing Services
Project Total:	<u>\$ 1,884,500</u>

Summary: This project would provide down payment and closing cost assistance to ten low- to moderate-income first-time homebuyers who would purchase homes in the city of Kalispell. The city would partner with the GAHF to secure the no-interest, deferred payments through a resale restrictive agreement. When the homes are sold or financed, the funds would be recaptured and used by future eligible homebuyers for home purchases.

Applicant:	LEWIS & CLARK COUNTY
Type of Project:	Affordable Rental Housing Complex (Meadowlark Residences)
CDBG Amount:	\$ 500,000
Other Funds:	
	\$ 485,063 Valley Bank of Helena
	\$ 500,000 HOME
	\$ 1,956,740 LIHTC
Project Total:	<u>\$ 3,441,803</u>

Summary: Meadowlark Residences, a project of Lewis and Clark County and nonprofit developer Rocky Mountain Development Council, would provide 32 one-bedroom units in a combination of one and two story buildings with an additional building containing a common activity and meeting room for residents. The complex would be located close to St. Peter's Hospital, other medical care providers, schools, and shopping and city bus services would be available. All units would be handicapped accessible. **NOTE:** This project was ultimately withdrawn after failing to obtain other funds.

CDBG FFY 2005 Housing Project Awards

(Application Deadline: November 19, 2004)

Applicant:	BUTTE-SILVER BOW COUNTY
Type of Project:	Neighborhood Revitalization – Central Butte Phase II
CDBG Amount:	\$ 500,000
Other Funds:	
	\$ 160,000 Butte-Silver Bow (BSB) County Lead Paint Program
	\$ 56,000 Human Resources Council District XII (HRDC XII)
	\$ 35,000 BSB Program Income
	\$ 10,000 BSB Trees
	\$ 4,000 BSB Demolition
	\$ 14,000 BSB Sod
Project Total:	<u>\$ 779,000</u>

Summary: Butte-Silver Bow County, in partnership with USDA Rural Development, Fannie Mae, the Butte Public Housing Authority, HRDC XII, Town Pump Corporation, MDNRC, and Headwaters RC&D, proposes to conduct a comprehensive neighborhood revitalization effort in the central Butte neighborhood of the 600, 700, and 800 blocks of Main Street. Phase II of this project would include: increased homeownership assistance, redevelopment of the existing neighborhood, rehabilitation of 14 substandard homes, and infrastructure improvements. Phase II grant assistance would also include energy efficiency measures, lead-based paint abatement, life safety and code improvements, exterior aesthetic improvements, and installation of period lighting along the three-block area.

Applicant:	TOWN OF EKALAKA
Type of Project:	Housing Rehabilitation and Demolition, Phase II
CDBG Amount:	\$ 500,000
Other Funds:	
	\$ 20,000 USDA Rural Development Housing Preservation Grant
Project Total:	<u>\$ 520,000</u>

Summary: This project would provide for housing rehabilitation and blight removal. It would include rehabilitating 20 owner-occupied housing units and demolishing 10 dilapidated and vacant residential structures. All housing units would be located within the jurisdictional limits of the Town of Ekalaka.

Applicant:	LEWIS & CLARK COUNTY (in partnership with Rocky Mountain Development Council, on behalf of the Friendship Center of Helena)	
Type of Project:	Emergency and Transitional Housing	
CDBG Amount:	\$	500,000
Other Funds:	\$	500,000 HOME HUD Grant
	\$	80,000 Federal Home Loan Bank
	\$	97,000 The Friendship Center
	\$	100,000 Sale of existing structure
	\$	27,000 Gardenwerks – landscaping and irrigation
	\$	60,000 Soroptomists – furnishings
	\$	341,899 Fundraising (remaining balance)
Project Total:		<u>\$ 1,705,899</u>

Summary: Helena's Friendship Center currently offers safe emergency and transitional housing and support services for victims of domestic violence and their families. The Friendship Center is the only victim service program within the tri-county area of Lewis and Clark, Broadwater, and Jefferson counties. The center is located in two converted houses within the Sixth Ward district of Helena that are over 100 years old. These buildings are deteriorated, unsafe, overcrowded, lack privacy, are not handicapped accessible, and lack storage space. The demand for these emergency housing services has escalated 30% within a single year and the current facility does not have the capacity to meet this level of need. This project would construct a new facility that would accommodate office and therapy space, along with emergency and transitional housing units.

Applicant:	CITY OF RONAN (in partnership with Ronan Public Housing Auth.)	
Type of Project:	Housing Rehabilitation, Weatherization, Energy Conservation, and Community Revitalization	
CDBG Amount:	\$	500,000
Other Funds:	\$	29,000 NW MT Human Resources Energy Conservation Prog.
	\$	100,000 USDA Rural Housing 504 <u>Loan</u> (for low-income seniors)
	\$	75,000 USDA Rural Housing 504 <u>Grant</u>
	\$	40,500 Housing Loans - Ronan Housing Auth. Program Income
	\$	13,500 City of Ronan
Project Total:		<u>\$ 758,000</u>

Summary: This project proposes to benefit low-income families and the Ronan community by: purchasing and rehabilitating three re-possessed homes from USDA Rural Development for use as single-family rentals; providing loans to low-income homeowners for weatherization and energy conservation improvements, energy-efficient heating, lead-based paint hazard evaluation and reduction, life-safety building code issues, or handicapped accessibility; and implementing community revitalization projects that would remove blight (through demolitions, property improvements, cleanup and painting), and improve parks and playgrounds with new, accessible play equipment.

Applicant:	CITY OF STANFORD
Type of Project:	Housing Rehabilitation

CDBG Amount:	\$ 224,000	
Other Funds:		
	\$ 19,500	Town of Stanford
	\$ 4,000	Northwestern Energy/HRDC
	\$ 10,000	Home Depot
	\$ 20,000	Wells Fargo
	\$ 5,000	Snowy Mountain Development Corp. SMDC)
	\$ 10,000	Community Venture
Project Total:	<u>\$ 323,500</u>	

Summary: This project would include rehabilitation of 10 owner-occupied homes, addressing basic housing/building code deficiencies, and energy efficiency. Demolition would involve the removal of 18 dilapidated, vacant residential structures to eliminate blight and make residential lots available for new housing units.

Applicant:	CITY OF WHITEFISH
Type of Project:	First-time Homebuyer Program
CDBG Amount:	\$ 324,500
Other Funds:	
	\$ 1,040,000 MBOH Set-aside
	\$ 500,000 USDA Rural Development Set-aside
	\$ 190,000 Glacier Affordable Housing Foundation
	\$ 67,000 Federal Home Loan Bank Affordable Housing Program
	\$ 100,000 City of Whitefish
	\$ 310,000 HOME Program Grant
Project Total:	<u>\$ 2,531,500</u>

Summary: This project would provide down payment and closing cost assistance to 10 low- to moderate-income (LMI) first-time homebuyers purchasing homes within the city limits of Whitefish. The Whitefish Housing Authority and Whitefish Housing Development, Inc. (WHDI) would secure a minimum of 10 homes, either through purchase from developers or construction of homes on land owned by WHDI, making these homes available for qualified LMI first-time homebuyers. The City of Whitefish, Federal Home Loan Bank AHP Program, HOME, and Glacier Affordable Housing Foundation would provide down payment and closing cost subsidies that would be secured through no-interest, deferred payment loans identified in a single-resale, restrictive agreement and trust indenture. MBOH and USDA/RD would provide first mortgage financing. When the homes are sold or refinanced, the recaptured funds would be used to provide future affordable housing opportunities within the City of Whitefish.

CDBG FFY 2004 Economic Development Project Awards

Locality:	POWELL COUNTY/CITY OF DEER LODGE
Name of Company:	Sun Mountain Lumber Inc.
Project Location:	Deer Lodge
Financing Date:	03/08/04

CDBG Funds:

\$ 32,000 Admin Grant
\$ 768,000 Activity Grant

Other Funds:

\$10,050,000 Wells Fargo Bank
\$ 2,557,437 Equity
\$ 200,000 WIA

Total Project

\$13,607,437

Job Creation:

53 FTEs

LMI Jobs:

27

Use of CDBG Funds: Powell County and the City of Deer Lodge were jointly awarded \$800,000 in economic development funds. The County, which will take the lead for this project, will make a loan of \$768,000 to Sun Mountain Lumber, Inc. for working capital and will retain \$32,000 for County administrative expenses. Sun Mountain Lumber Inc. will create 53 full-time positions of which, 27 will be held by low- and moderate-income persons. The Deer Lodge sawmill previously owned by Louisiana-Pacific, Corp., has new ownership and was renamed Sun Mountain Lumber, Inc.

Locality:

MISSOULA COUNTY

Name of Company:

Nurture Incorporated

Project Location:

Missoula

Financing Date:

06/15/04

CDBG Funds:

\$ 25,000 Admin Grant
\$ 75,000 Loan for working capital

Other Funds:

\$ 195,000 MAEDC Loan
\$ 995,000 Community Reinvestment Fund
\$ 440,543 Strike Partners
\$ 108,166 General Mills

Total Project

\$ 2,138,709

Job Creation:

21 retained
2 new FTEs

LMI Jobs:

12

Use of CDBG Funds: Missoula County will make a loan to Nurture, Inc. to purchase and install new equipment needed to improve production capacity. Nurture, Inc. projects a high level of growth in the near future and needs assistance to purchase and install new equipment needed to improve production capacity. Nurture, Inc. is a developer and manufacturer of grain technologies for nutritional and personal care. Nurture, Inc. proposes to retain twenty-one (21) existing jobs, and create two (2) new positions, of which, at least 51% will be held by low- and moderate-income persons.

Locality:

CITY OF RONAN

Name of Company:

Lake County Community Development Corp./Mission Mountain Market

Project Location:

City of Ronan

Financing Date:

07/06/04

CDBG Funds:

\$ 5,000 Admin Grant
\$ 395,000 Loan for Debt Refinancing

Other Funds:

\$ 606,716 EDA
\$ 406,801 Stranie Ventures
\$ 15,000 LCCDC

Total Project:

\$ 1,428,517

Job Creation:

16 new FTEs

LMI Jobs:

9

Use of CDBG Funds: The City of Ronan will grant \$395,000 of CDBG-ED economic development funds to Lake County Community Development Corp. (LCCDC), a nonprofit community development organization located in Ronan, for refinancing existing debt for the Mission Mountain Market Food Manufacturing Center and Business Incubator. After debt refinancing, the Mission Mountain Market Food Manufacturing Center will be eligible for EDA financing to undergo an expansion.

Locality:**MINERAL COUNTY****Name of Company:**

Big Sky Machining

Project Location:

Superior

Financing Date:

7/26/04

CDBG Funds:

\$ 17,760 Admin Grant
\$ 210,000 Working Capital Loan
\$ 12,000 Training Grant

Other Funds:

\$ 46,000 Owner Equity
\$ 200,000 Mullan Trail Bank

Total Project:

\$ 485,760

Job Creation:

10 jobs retained
5 new FTEs

LMI Jobs:

9 retained LMI
5 new FTEs

Use of CDBG Funds: Mineral County will loan \$210,000 of CDBG-ED economic development funds to Big Sky Machining, a full-service machine shop that manufactures metal and plastic parts, to be located at Superior, Montana, for working capital. The County will grant up to \$12,000 to Big Sky Machining for employee training. Big Sky Machining can be reimbursed up to \$5,000 per eligible employee for documented training costs. Employees that are compensated at a minimum of \$12.18 an hour in wages and benefits are eligible.

Locality:**STILLWATER COUNTY****Name of Company:**

Timberweld Manufacturing

Project Location:

Columbus

Financing Date:

10/6/04

CDBG Funds:

\$ 24,500 Admin Grant
\$ 325,500 Working Capital Loan
\$ 50,000 Training Grant

Other Funds:

\$ 1,200,000 First Interstate Bank
\$ 1,000,000 First Interstate Bank (LOC)

Total Project:

\$ 2,600,000

Job Creation:

34 jobs retained
3 - 5 new FTEs

LMI Jobs:

26 retained LMI
3 - 5 new FTEs

Use of CDBG Funds: Stillwater County through Beartooth RC&D, will loan \$325,500 for working capital, and grant \$50,000 for on the job training to Timberweld Manufacturing, which processes laminated wood beams. This project involves the retention of 34 jobs at the Columbus site and the creation of an additional 3 to 5 new full-time positions.

Locality:

ANACONDA-DEER LODGE COUNTY

Name of Company:

Northwoods Enterprises

Project Location:

Anaconda

Financing Date:

11/29/04

CDBG Funds:

\$ 26,000 Admin Grant
\$ 330,000 Working Capital Loan

Other Funds:

\$ 50,000 First National Bank
\$ 10,000 Premier Building Systems
\$ 105,000 Equity

Total Project:

\$ 721,000

Job Creation:

29 FTEs

LMI Jobs:

15 FTEs

Use of CDBG Funds: Anaconda-Deer Lodge County through Anaconda Local Development Corp. will loan up to \$330,000 to Northwoods Enterprises, LLC, a custom-cut insulated panel manufacturer, to be located at Anaconda, Montana, for construction materials and operating capital. The borrower has projected that twenty-nine (29) full time equivalent (FTE) jobs will be created. At least fifteen (15) of the newly created positions will be made available to or filled by low and moderate-income persons.

EDA/RLF Awards

There were no EDA/RLF awards during the program year 2004, which ended March 31, 2005.

HOME Program FFY 2004 Project Awards

Applicant: CASCADE COUNTY

HOME Request: \$ 275,000

Total Project Budget: \$ 778,500

Summary: The project will involve a variety of activities involving 15 households. The activities include: homebuyer assistance in the form of due-on-sale mortgages for down payment and closing costs for existing homes; homeowner rehabilitation in the form of due-on-sale mortgages for the costs of making essential improvements and bringing homes up to applicable standards; construction of new homes on in-fill lots in existing rural communities; acquisition/rehabilitation of salvageable homes; and/or purchase/demolition of inadequate housing stock to provide lots for in-fill construction.

Applicant: CITY OF BOZEMAN

HOME Request: \$ 422,761

Total Project Budget: \$ 1,916,667

Summary: This accessible, affordable project will consist of one newly constructed 18-unit building with one centrally located elevator for ease of resident access. The building will be constructed to serve as an independent living apartment for 17 persons with disabilities. Fourteen (14) of the units will be one bedroom and four (4) will be two bedroom units. One two-bedroom unit will be reserved for an on-site caretaker.

Applicant: FLATHEAD COUNTY

HOME Request: \$ 448,000

Total Project Budget: \$ 490,906

Summary: The project will provide funds to 30 or more low-income senior homeowners to rehabilitate their owner-occupied homes. Assistance will be provided to households throughout Flathead County.

Applicant: FLATHEAD LAKE CHDO

HOME Request: \$ 237,093

Total Project Budget: \$ 257,392

Summary: The CHDO will acquire a 5-unit home to provide single-room occupancy rental units to severely mentally ill adults located in Flathead County. The residents will also receive supportive services.

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Applicant: GLACIER AFFORDABLE HOUSING FOUNDATION (GAHF)

HOME Request: \$ 500,000

Total Project Budget: \$ 2,360,000

Summary: The project will provide down payment and closing cost assistance to 15-20 low-income, first-time homebuyers, who will purchase homes within Flathead County. GAHF will secure the no-interest, deferred payment loans through a resale restriction agreement. When the homes are sold or refinanced, the funds will be recaptured and provided to additional eligible homebuyers for home purchases.

Applicant homeWORD

HOME Request: \$ \$500,000

Total Project Budget: \$ 5,521,100

Summary: The Grove Street Apartments in Missoula County will provide 35 units of newly constructed affordable housing. The rents at Grove are structured to be affordable to people between 30-50% AMI. The site plan provides for almost two acres of open space and trails. Other innovations include: an IDA savings program; energy efficient and sustainable building design; a working orchard; and a truly beautiful, community driven design.

Applicant HUMAN RESOURCE COUNCIL XI

HOME Request: \$ 500,000

Total Project Budget: \$ 1,319,400

Summary: The HRC XI will purchase three Rural Development elderly low-income rental housing projects in Ravalli County: the Terrace Apartments (20 units); the Charlos Apartments (8 units); and the Darby Apartments (8 units) in order to preserve them as affordable to very-low income elderly households families. Tenants of the apartments will pay no more than 30% of their monthly income for rent and utilities.

Applicant HUMAN RESOURCE DEVELOPMENT COUNCIL IX

HOME Request: \$ 443,300

Total Project Budget: \$ 1,640,900

Summary: The HRDC will purchase 14 lots for the local Habitat for Humanity (Livingston) to build homes on for HOME-eligible families. The local Habitat has experience with building homes for persons below 50% AMI. The HRDC will serve as sponsor and owner of the lots and Habitat will do the building, recruit and place the purchasing households.

Applicant LINCOLN COUNTY

HOME Request: \$ 400,000

Total Project Budget: \$ 467,000

Summary: The project will complete the construction of five apartments for low-income seniors in Troy. Construction was started as part of the new Kootenai Senior Citizens Center Building. Part of the HOME funds will be used to retire part of the debt incurred during construction of the first phase of the apartments. The remaining funds will be used in conjunction with other sources to complete the apartments.

Applicant MISSOULA COUNTY

HOME Request: \$ 282,918

Total Project Budget: \$ 609,428

Summary: Opportunity Resources, Inc. intends to construct an accessible duplex to provide residential and other supportive services for eight (8) individuals with severe physical disabilities, primarily traumatic brain injuries. Each unit in the duplex will have four bedrooms and shared bathroom facilities.

Applicant	Ravalli County
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HOME Request:	\$ 500,000
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Total Project Budget:	\$2,641,195
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Summary: The project has two parts: The first will provide homebuyer assistance to an estimated 15 to 20 lower income households in Ravalli County; and the second will provide funds to HRC XI to purchase two existing Rural Development projects, in order to preserve eight (8) total units of affordable housing in Victor and Corvallis. The homebuyer program provides deferred payment mortgages to finance the affordability gap.

Applicant	Town of Bridger
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HOME Request:	\$ 378,875
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Total Project Budget:	\$ 660,420
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Summary: The project will provide homebuyer assistance to five (5) first-time homebuyers and rehabilitation assistance to 15 owner occupied housing units. A portion of the granted funds will be forgiven over the course of the period of affordability.

Emergency Shelter Grant Program

ESG funds are distributed to HRDCs throughout Montana for supported shelters across the state as well as for direct services from HRDCs to ESG recipients. Actual funding received and funding used matched the funds anticipated.

The HRDCs utilize the funds to meet the needs of the homeless or those at risk of homelessness at the local level. Activities include: prevention of homelessness; assistance to homeless shelters, shelters for the victims of domestic and sexual violence, youth homes, and food banks; support for essential services; financial assistance for case management; support for toll free telephone referral hotlines for domestic abuse and other homeless individuals and families; and referral to mainstream resources.

Agencies participate in essential service activities by working with other state, faith- and community-based organizations and through direct assistance for individuals and families. This is a limited amount of flexible funds that can be used to support direct service providers who together meet the locally defined needs of the homeless.

The following table presents the distribution of funds for each HRDC:

EMERGENCY SHELTER GRANTS PLAN YEAR ENDED 3/31/2005		
AGENCY	HUD FUNDING	SERVICES
Action for Eastern Montana – Glendive	\$ 35,274	Coordinates emergency service efforts for homeless with local groups. Provides shelter, rent, furnishings, insurance, maintenance, & utility payments for Matthew's House (Sidney) and New Life Mission in Poplar. Provides direct assistance to prevent homelessness.
District IV HRDC – Havre	\$ 12,356	Supports groups and individuals through referral and advocacy. Provides support for the Haven in Havre, the domestic abuse shelter, which is used for transportation, maintenance, and operation.
Opportunities, Inc. - Great Falls	\$ 47,773	Provides essential services in the form of counseling, job readiness training, budgeting, cooking, self-esteem, and communication and stress management. Pays for operating and maintenance costs, rent, repair, security, utilities, and furnishings for the transitional living center (Opportunity House in Great Falls). Provides direct assistance to prevent homelessness.
District VI HRDC – Lewistown	\$ 9,755	Provides homeless prevention activities by paying rent/mortgage assistance and utility bills.
District VII HRDC – Billings	\$ 58,979	Coordinates housing activities and projects. Supports operations of the Montana Rescue Mission in Billings. Provides direct assistance to prevent homelessness.
Rocky Mountain Development Council – Helena	\$ 23,608	Provides partial payment of operating costs for God's Love, Montana Youth Homes, and the Friendship Center shelters in Helena. Assists the Helena Indian Alliance in Helena to provide medical services for the homeless.
District IX HRDC – Bozeman	\$ 30,883	Pays for hotel rooms or first month's rent for homeless individuals/families. Provides partial payment of shelter operation costs for HRDC transitional housing, Network Against Violence, and Park County Ministerial in Livingston. Provides direct assistance to prevent homelessness.
Northwest Montana Human Resources - Kalispell	\$ 52,092	Provides case management services to homeless and transitional families. Provides partial payment of maintenance, operation, rent, repair, security, fuels, equipment, insurance, utilities, and furnishings for the Flathead Youth Home, Samaritan House, Violence Free Crisis Line/Abbie House, and Neighbors in Need in Kalispell. Also assists the Lake County Youth Group Home, CHOICES Youth Shelter, and the Family Crisis Line in Polson, the Lincoln County Help Line and Lincoln Indigent Services in Libby, and the Sanders County Coalition for Families in Thompson Falls. Provides direct assistance to prevent homelessness.
District XI HRC – Missoula	\$ 52,615	Payments to Haven House in Ravalli County and Mineral County emergency housing. Assists with operational costs for the Poverello Center, YWCA Domestic Violence Shelter, First Call for Help, and Youth Homes in Missoula. Assists Supporters of Abuse Free Environment in Hamilton.

EMERGENCY SHELTER GRANTS PLAN YEAR ENDED 3/31/2005		
AGENCY	HUD FUNDING	SERVICES
District XII HRDC – Butte	\$ 27,216	Pays utilities at a transitional housing facility for the homeless – Homeward Bound in Butte.
TOTAL	\$350,551	11,879 individuals assisted

Housing Opportunities for Persons With AIDS (HOPWA)

Although Tri-State HOPWA reports its results directly to HUD, a summary of its results is presented here as requested by HUD and for informational purposes. The Tri-State HELP programs for the two regions of Montana, Billings in the east and Missoula in the west, were awarded a combined total of approximately \$622,000 over the three-year period. This includes supportive services and sponsor administration and \$240,000 for rental assistance and short-term emergency assistance. The grant provides tenant based rental assistance, emergency assistance, and housing coordination services to individuals living with HIV/AIDS in Montana through the management of the Yellowstone AIDS Project (YAP) in Billings and the Missoula AIDS Council (MAC).

Since the inception of the program through March 31, 2005, YAP and MAC spent a combined total of \$622,000, including \$ 112,914 for long-term assistance and \$38,508 for short-term. Seventy-three (73) individuals have accessed the program and are in a stable housing situation, enabling them to access case worker and medical services consistently, ultimately improving their quality of life before TS HELP assistance. Cumulative data collected by the YAP and the MAC housing coordinators is presented below.

Montana Progress Report, through March 2005		
Total Clients Receiving Services:		73
Gender:	Male: 60	Female: 13
Ethnicity:	Non-Hispanic: 65	Hispanic: 8
Race:	African/American:..... 1	Native American:..... 4
Recent Living Situation:	Homeless: 4	Rental Housing 68
	Incarcerated 1	
Assistance Provided:		
Total # Receiving Short-Term/Emergency Assistance, including security deposits:		25
Total funds spent on Short-Term/Emergency Assistance		\$ 38,508
Total # Receiving Long-Term (<i>began with LT or moved to LT after being assisted with ST</i>)		60
Total funds spent on Long-Term Assistance		\$ 112,914
Total Funds Spent on Housing Assistance (rental assistance & short-term emergency assistance):		\$ 480,600

U.S. Department of Energy (DOE) and Other Energy Programs

In the plan year ended 2005, DOE and other funds were used for residential weatherization programs. The funding utilized for residential weatherization came from the following sources:

U.S. Department of Energy	\$ 2,519,458
U.S. Department of Health and Human Services (LIHEAP)	\$ 2,504,304
NorthWestern Energy	\$ 1,430,500
Bonneville Power Administration	\$ 376,060
USB/MDU ²	\$ 53,252
FJGTRRA ³	\$ 500,000
Total	\$ 7,383,574

Weatherization activities consist primarily of attic, wall and floor insulation; furnace repairs and replacements; and infiltration reduction measures. Only measures demonstrating a savings to investment ratio of at least 1.8 (based on the use of a computerized energy audit) may be installed on eligible dwellings.

Additional funds used to directly assist eligible households with their fuel bills were as follows:

U.S. Department of Health and Human Services (LIHEAP)	\$ 12,063,000
Utility Company Low-Income Discount	15% to <i>LIEAP clients</i>

Low Income Housing Tax Credit (LIHTC) Program

Since the program's inception in Montana, a total of \$22,770,395 in federal tax credits has been allocated for 4,387 units of rental housing. During the plan year ended March 31, 2005, the MBOH allocated \$2,125,000 in federal tax credits for 221 units of rental housing in six projects with total project costs of more than \$25 million.

City/Town	Project(s)	Total Project Costs
Billings	Lincoln Springs	\$ 5,242,400
Bozeman	The Baxter Apartments	\$ 5,619,382
Hamilton	Mountain View Apartments II	\$ 3,168,334
Fort Belknap	Ft Belknap Tax Credit Renovation Project	\$ 4,585,507
Browning	North Country Estates	\$ 3,649,790
Miles City	Old Holy Rosary Hospital Housing Project	\$ 3,298,906
TOTAL COSTS		\$25,564,319

² Universal System Benefits/Montana Dakota Utilities

³ Federal Jobs and Growth Tax Relief Reconciliation Act

Section 8 Rental Assistance

For the Tenant Based Section 8 Program and the Project Based Section 8 Contract Administration Program, more than \$14.8 million was spent for the fiscal year ended June 2005, and on average, more than 3,547 families were provided decent, safe and affordable housing each month.

I.B.2 FEDERAL SOURCE - LOCAL ADMINISTRATION

Supportive Housing Program and Shelter Plus Care

Funds for Supportive Housing and Shelter Plus Care are available on a competitive basis through the state's Continuum of Care process. During the last plan year several proposals for new or renewed supportive housing were approved as outlined in the following table:

MONTANA CONTINUUM OF CARE Homeless Assistance Awards - FFY 2004			
Organization	Program	Awarded	DESCRIPTION
Missoula Housing Authority	SPC	\$ 847,440	The Missoula Housing Authority project will provide 23 single bedroom and three two-bedroom units to the seriously mentally ill, chronic alcohol and/or drug users, and those with AIDS or related diseases.
Western MT Mental Health Center / Turning Point Addiction Services (Missoula)	SHPR	\$ 393,330	SHARE (Supportive Housing for Alcohol Recovery and Re-Entry) House serves people who are homeless and chemically dependant or dually diagnosed. SHARE House supportive services range from detoxification to transitional housing to follow-up case management. Participants' capacity to achieve long-term stability and permanent housing is increased through the provision of detoxification, transitional housing, access to medical/psychiatric services and substance abuse treatment, case management, and skills training. The grant supports serving about 77 homeless individuals through detox and/or transitional housing, approximately 50% of whom are chronically homeless individuals.
YWCA of Missoula (March Against Homelessness project)	SHPR	\$ 35,240	The March Against Homelessness project provides transitional housing, case management, life skills coordination, and direct client assistance to women and their children. An estimated 60-80% of program participants are domestic violence survivors. The transitional housing program consists of 11 two-bedroom apartment units and this grant will renew funding for leasing, operations, and direct client assistance for three units and salary costs for the Life Skills Coordinator.

MONTANA CONTINUUM OF CARE Homeless Assistance Awards - FFY 2004			
Organization	Program	Awarded	DESCRIPTION
YWCA of Missoula (Ada Feldman project)	SHPR	\$ 65,761	The Ada Feldman project provides transitional housing, case management, life skills coordination, and direct client assistance to women and their children, as they move from homelessness to housing and stability. An estimated 60-80% of program participants are domestic violence survivors. The transitional housing program consists of eleven two-bedroom apartment units.
The Samaritan House (Kalispell)	SHPR	\$ 63,000	This project provides expanded intensive case management to the residents of the Samaritan House to assist the homeless with multiple barriers such as mental health, chemical addiction, limited education, life skills, employment skills, and other limitations. Families, individuals, and those with special needs have one-on-one assistance to help with resources and referrals to community support systems that better fit their unique needs. The case managers coordinate on-site and community services to help address these barriers and limitations.
Florence Crittenton Home & Services (Helena)	SHP	\$ 373,639	"Pathways to Success" provides a transitional living program for pregnant and parenting young women, ages 14-18, and their babies, who are homeless. The facility will provide up to 24 months of transitional housing and comprehensive supportive services for eight residents at one time, in two apartments, followed by six months of permanent housing aftercare services.
Sanders County Coalition For Families	SHPR	\$ 56,964	The LaVonne Kennedy project provides transitional housing, case management, life skills, and direct services to women and children who are homeless due to domestic violence. Women move into the transitional housing project from the shelter, the street, or as referrals from other agencies. The grant funds leasing for five three-bedroom units located within three towns in Sanders County: two houses in Hot Springs, a duplex in Thompson Falls, and one side of a duplex in Plains. The grant also funds operations and salary costs for a case manager.
District IV Human Resource Development Council (Havre)	SHPR	\$ 16,800	This project provides up to 18 months of housing and supportive services to dislocated low-income families while they become established financially and develop life skills required to successfully access and maintain stable housing. Intensive case management is provided to each family to assist them in addressing the barriers that led to their homelessness by providing them with stable housing, identifying goals and methods to achieve them, parenting skills, quality child care, employment skills training, financial management, time management, and agency referrals that increase their capability to achieve long-term self sufficiency.

MONTANA CONTINUUM OF CARE Homeless Assistance Awards - FFY 2004			
Organization	Program	Awarded	DESCRIPTION
District VII Human Resource Development Council (Billings)	SHPR	\$ 63,000	The Community Partnership for the Homeless assists the residents of the Montana Rescue Mission Men's Shelter and the Women and Family Shelter with intensive case management and supportive services, including access to housing -that would otherwise not be available. The program provides outreach to those members of the homeless population who, for whatever reason, remain homeless and to provide transportation to the shelter for those individuals who decide to use the shelter facilities. This intense case management is the only link from the homeless shelters and the service agencies in the Billings area and district which accounts for more than one-third of the state's homeless.
Missoula Housing Authority	SPCR	\$ 126,360	Combined, these grants will renew 50 SPC vouchers that provide permanent housing in concert with supportive services (provided by others) to very low-income, hard-to-house homeless persons with disabilities, targeting those who are seriously mentally ill; have chronic problems with alcohol, drugs, or both; or have AIDS and related diseases.
Missoula Housing Authority	SPCR	\$ 304,200	
Helena Housing Authority	SPCR	\$ 74,424	Both of these renewal projects ensure that fourteen (14) SPC vouchers from each grant (28 total) continue to serve Lewis & Clark County by providing both housing and therapeutic services to the seriously mentally ill and homeless individuals currently benefiting from this program. SPC ties housing assistance to participation in mental health programs in an effort to bring some stability to the lives of individuals and lessen the chances they will return to living on streets or in other unsuitable living situations.
Helena Housing Authority	SPCR	\$ 74,424	
TOTAL		\$2,494,582	
KEY: SPC – Shelter Plus Care; SPCR - Shelter Plus Care Renewal; SHPR – Supportive Housing Program Renewal; SHP – Supportive Housing Program			

Supportive Housing for Elderly Persons (Section 202)

The Missoula Housing Corporation received a Section 202 Capital Advance grant award for \$2,906,300 and a five-year rental subsidy of \$577,500 in October 2004. The funds will be used to construct a new 41-unit apartment building in Missoula for the elderly. Some of the supportive services that will be provided are meals on wheels, transportation, intergenerational activities, social services, and referrals.

Housing Choice Voucher Family Self-Sufficiency Program

Three housing authorities in Montana were awarded a total of \$159,049 of HUD's HCV/FSS program funds in December 2004 to help low-income people get job training and employment and homeownership counseling:

- Housing Authority of Billings..... \$39,058
- Helena Housing Authority..... \$47,852
- Missoula Housing Authority..... \$72,139

HUD Housing Counseling Program

In October 2004, the MBOH was awarded \$181,502 for Comprehensive Counseling and \$5,421 for homeownership voucher counseling. The MBOH, which matched the award dollar-for-dollar, contracted with the Montana Homeownership Network (MHN). MHN coordinates with housing counseling providers statewide to have homebuyer training available statewide. Typically, potential homebuyers do not wait more than two weeks nor drive more than one hour to participate in the training. Training includes pre-purchase counseling, default counseling to avoid foreclosure, information on locating rental housing, predatory lending counseling, and homeownership voucher counseling. As of March 31, 2005, 779 clients had received counseling. Approximately forty percent of the clients had incomes of less than 50 percent of AMI, 35 percent had incomes between 50 and 80 percent of AMI, and 25 percent reported incomes greater than 80 percent of AMI. One hundred and twelve (112) of these clients have purchased homes.

HUD Rural Housing and Economic Development Program

Four organizations in Montana were awarded RHED grants in July 2004:

- The Anaconda Local Development Corporation (ALDC) was awarded a RHED capacity building grant award for \$145,418. This capacity building award will be used to assist ALDC's efforts to enhance home ownership, create jobs, and stabilize neighborhoods in their targeted area. ALDC is proposing to conduct surveys in order to write an action plan, develop a system to acquire county tax deed properties, and to train staff in financial methods for housing for low-income families. Partners with this grantee are Habitat for Humanity, Beard Environmental and Technical Assistance, Connors Law Firm, and the First American Title Company of Anaconda.
- The Native American Development Corporation (NADC) will receive a RHED capacity building grant award for \$150,000. The funds will be used to assist the organization's efforts to implement a strategic plan by conducting financial literacy training as part of a home buyer education program, establish a lending institution, and to update statistical data collection through housing statistics and demographics. NADC is proposing to increase Native American home ownership and to conduct outreach in an effort to make the home buying process less complicated. Partners with this grantee are: Montana American Indian Homeownership Task Force, Montana Homeownership Network, Inc., and the Apsaalooke Nation Housing Authority.
- The Kootenai River Development Council, Inc. (KRDC) in Libby will receive a RHED capacity building grant award for \$150,000. This award will be used to assist the

organization's efforts to hire staff to help with on-site environmental assessment, monitoring and reporting. KRDC is working in collaboration with others to transition a former mill site into an economic development commercial/industrial use facility. Partners with this applicant are Lincoln County, the U.S. Department of Agriculture, and Flathead Valley Community College.

- Action for Eastern Montana, Inc. (AEM), based in Glendive, will receive a RHED innovative support grant award for \$393,033. The innovative support award will be used to assist the organization's efforts to set up a revolving loan fund in each of AEM's participating Eastern Montana Consortium member agencies. AEM is proposing to purchase homes that have been foreclosed on for fair market value or less, which will be sold to low-income residents in the targeted area. All potential purchasers will be required to attend first-time homebuyer classes and be trained in the lending process. Partners with this applicant are Eastern Plains RC&D and District VI HRDC.

Self-Help Homeownership Opportunity Program (SHOP)

The three national or regional organizations awarded **\$26,840,700** of SHOP funds for FFY 2004 are:

1. Habitat for Humanity International (HFHI), \$14,000,000: HFHI is a national nonprofit organization that will use SHOP funds in urban, suburban, and rural areas to facilitate and encourage innovative homeownership opportunities through self-help housing. SHOP funds will be used to purchase land and make necessary infrastructure improvements, primarily in support of new construction. Local affiliates will compete for SHOP funding from HFHI on a national basis. Completed properties will be transferred to homebuyers who contribute a significant amount of sweat equity. HFHI will produce a minimum of 934 housing units.
2. Housing Assistance Council (HAC), \$10,000,000: HAC is a national nonprofit organization that plans to use SHOP funds in primarily rural areas for land acquisition and infrastructure improvements that support new construction. A portion of the SHOP award will be used for administration, planning, and management development. Local organizations developing self-help housing will compete for SHOP funding from HAC on a regional basis in order to achieve a national distribution of funds that will ultimately produce a minimum of 627 housing units.
3. PPEP Microbusiness and Housing Development Corporation (PPEP), \$2,840,700: PPEP is the lead agency for the Rocky Mountain/Hi Coalition Consortium. This regional Consortium will use SHOP funds in rural areas for land acquisition and infrastructure improvements that support the development of self-help housing in Arizona, Colorado, and New Mexico. Consortium members will provide funds to local affiliates. Each local organization is permitted to design its program in compliance with SHOP requirements. The homebuyer must contribute a significant amount of

sweat equity toward the construction of the house. The Consortium will produce a minimum of 169 housing units.

Fair Housing Initiative Program (FHIP) Grant

In October 2004, the Montana Fair Housing Center in Missoula was awarded \$219,869.60 for a Private Enforcement Initiative (PEI). During the 18-month project, Montana Fair Housing, Inc. (MFH) will expand its investigative services and education/outreach throughout the state, specifically Billings, Missoula, and Great Falls. The disabled and Native American, and other members of underserved populations will benefit from these initiatives. Activities entail paired rental tests and non-rental tests, complaint-based enforcement, and outreach and education. MFH will partner with city and county offices in order to provide numerous workshops, and the Billings Community Housing Resource Board (CHRB), for example, will collaborate with MFH to conduct design and construction training for building inspectors, architects, developers, contractors and others interested in and involved with the housing industry.

U.S. Department of Agriculture Rural Development (USDA RD) Programs

USDA Rural Development Housing programs provide approximately \$100 million per year in loans, grants, and guarantees to assist Montanans in obtaining various forms of housing. The following table outlines the types of RHS loans and grants available.

MONTANA RHS OBLIGATIONS 9/30/2004(FFY 2004)			
Program	Program Description	Number	\$ Amount
Rural Housing (RH)-Guarantee	Federal loan guarantees provided to lenders for single-family housing.	725	\$ 78,704,236
Section 502 Direct	Single family housing direct loan for very low- and low-income borrowers	188	\$ 14,308,548
Section 504 Loans and Grants	Repair loans and grants for very low-income borrowers	56	\$ 287,647
Housing Preservation Grants	Housing preservation grants made to entities for rehabilitation and repair	4	\$ 81,000
523 Mutual Self-Help Grants	Technical and management assistance oversight grant	5	\$ 629,750
515 Rural Rental Housing	Multi-family housing loans for low- and very low-income affordable housing projects	6	\$ 1,365,690
521 Rental Assistance	Rent subsidies for tenants	N/A	\$ 5,001,066
538 Multi-Family Housing (MFH) Guarantee	Federal Guarantee to lender for low- and moderate-income tenants	1	\$ 750,000
525 TMA Grant	Grant for an oversight organization to promote homebuyer education	0	
509 Application Packing Grant	Grant for loan packaging services	12	\$ 6,000
TOTAL		997	\$101,133,973

I.B.3 STATE SOURCE - STATE ADMINISTRATION

Montana Department of Natural Resources and Conservation Renewable Resource Grant and Loan Program

The Renewable Resource Grant and Loan Program, administered by the MDNRC, provides financial assistance to local governments in the form of grants or loans. Funds are used for grants up to \$100,000 and to secure loans for water and sewer projects. The levels of funding for RRGL programs are \$4 million for each biennium.

The following table illustrates the Renewable Resource Grants monies approved in the past six legislative sessions.

RENEWABLE RESOURCE GRANT MONIES BY LEGISLATIVE SESSION				
	Authorized Amount	Contracted Amount	Amount Disbursed	Amount Released
2005 Legislature	\$ 4,600,000			
2003 Legislature	\$ 4,000,000	\$ 3,662,738	\$ 1,368,529	\$ 0
2001 Legislature	\$ 4,825,741	\$ 4,725,741	\$ 4,307,130	\$ 108,383
1999 Legislature	\$ 4,862,972	\$ 4,251,055	\$ 4,196,344	\$ 6,617
1997 Legislature	\$ 2,200,000	\$ 2,225,699	\$ 2,225,699	\$ 250,236
1995 Legislature	\$ 1,911,204	\$ 1,800,278	\$ 1,631,445	\$ 275,401

Montana Department of Commerce Treasure State Endowment Program

The following TSEP construction projects were awarded by the 2005 Legislature:

Name of Grant Recipient	Type of Project	TSEP Grant Amount
Beaverhead County	Bridge	\$ 84,886
Big Horn County	Bridge	\$ 142,500
Bigfork County Water & Sewer District	Wastewater	\$ 460,000
Carbon County	Bridge	\$ 97,100
Carter Chouteau County Water & Sewer District	Water	\$ 500,000
Cascade, Town of	Water	\$ 500,000
Choteau, City of	Water	\$ 500,000
Conrad, City of	Wastewater	\$ 500,000
Crow Tribe	Wastewater	\$ 500,000
Custer Area-Yellowstone County Water & Sewer District	Wastewater	\$ 500,000
Dodson, Town of	Wastewater	\$ 427,500
Ennis, Town of	Wastewater	\$ 204,894
Glacier County	Bridge	\$ 500,000
Glasgow, City of	Wastewater	\$ 500,000
Havre, City of	Water	\$ 500,000
Hill County	Bridge	\$ 450,750
Hysham, Town of	Water	\$ 462,359
Laurel, City of	Wastewater	\$ 500,000
Lewis & Clark County	Wastewater	\$ 288,757

Name of Grant Recipient	Type of Project	TSEP Grant Amount
Libby, City of	Wastewater	\$ 500,000
Madison County	Bridge	\$ 179,911
Malta, City of	Wastewater	\$ 500,000
Miles City, City of	Water	\$ 500,000
Mineral County	Bridge	\$ 80,090
Missoula County	Bridge	\$ 275,172
Powell County	Bridge	\$ 158,348
Ranch County Water District	Water	\$ 500,000
Richland County	Bridge	\$ 453,841
Rudyard County Water and Sewer District	Wastewater	\$ 524,503
Seeley Lake Sewer District	Wastewater	\$ 500,000
Sheridan, Town of	Water	\$ 500,000
Spring Meadows County Water District	Water	\$ 487,500
St. Ignatius, Town of	Wastewater	\$ 500,000
Stillwater County	Bridge	\$ 399,853
Sweet Grass County	Bridge	\$ 144,989
Upper-Lower River Road Water & Sewer District	Water & Wastewater	\$ 500,000
Valier, Town of	Wastewater	\$ 500,000
Whitefish, City of	Water	\$ 457,500
Woods Bay Homesites Lake County Water & Sewer District	Water	\$ 500,000
Yellowstone County	Bridge	\$ 187,800
		\$ 15,968,253

The following TSEP grants for Preliminary Engineering Studies were awarded for SFY 2006 and 2007 by the program:

Name of Grant Recipient	Project Type	TSEP Grant Amount
Alberton, Town of	Water	\$ 5,000
Bainville, Town of	Wastewater	\$ 15,000
Bigfork Water & Sewer District	Wastewater	\$ 15,000
Colstrip, Town of	Wastewater	\$ 15,000
Custer County	Bridge	\$ 9,250
Cut Bank, City of	Water	\$ 15,000
Darby, Town of	Water	\$ 15,000
Dutton, Town of	Wastewater	\$ 15,000
Elk Meadows Ranchettes	Water	\$ 15,000
Ennis, Town of	Storm water	\$ 15,000
Essex, Water & Sewer District	Water	\$ 15,000
Forsyth	Water	\$ 15,000
Fort Benton, City of	Storm water	\$ 15,000
Gallatin County	Wastewater	\$ 15,000
Gooden Keil County Water District	Water	\$ 15,000
Granite County	Solid Waste	\$ 6,000
Harlem, City of	Water	\$ 15,000
Jefferson County	Bridge	\$ 15,000
Jordan, Town of	Wastewater	\$ 15,000
Judith Basin County	Bridge	\$ 12,000

Name of Grant Recipient	Project Type	TSEP Grant Amount
Lewis & Clark County - Craig	Wastewater	\$ 15,000
Lake County East Shore	Wastewater	\$ 15,000
Laurel, City of	Storm water	\$ 15,000
Lewistown, City of	Wastewater	\$ 15,000
Lockwood Water & Sewer District	Water	\$ 15,000
Loma County Water & Sewer District	Water	\$ 15,000
Madison County	Bridge	\$ 15,000
Manhattan, Town of	Water	\$ 10,000
Miles City, City of	Wastewater	\$ 15,000
Mineral County Saltese Water & Sewer District	Wastewater	\$ 13,500
North Valley County Water & Sewer District, Inc	Water	\$ 11,000
Park County-Gardiner	Wastewater	\$ 15,000
Powell County	Bridge	\$ 15,000
Red Lodge, City of	Water	\$ 15,000
Saco, Town of	Wastewater	\$ 15,000
Seeley Lake Water District	Water	\$ 10,000
Sheridan, Town of	Wastewater	\$ 14,735
Stillwater County	Bridge	\$ 15,000
Sweet Grass County	Bridge	\$ 15,000
Three Forks, Town of	Wastewater	\$ 15,000
Tri-County Water District	Water	\$ 13,500
Whitehall, Town of	Wastewater	\$ 15,000
Wood's Bay, Water & Sewer District	Wastewater	\$ 15,000
Total Amount Awarded		\$ 599,985

Montana Board of Housing

Single-Family Bond Program

During the period April 1, 2004 through March 31, 2005, the MBOH provided 1,820 loans totaling \$166,707,376 to homeowners, with an average loan amount of \$91,597.

Mortgage Credit Certificate Program

For the year ended March 31, 2005, the MBOH provided Mortgage Credit Certificates to 16 homebuyers. The loans totaled \$1,823,870 for families with an average household income of \$38,490. The tax credits totaled \$364,774, averaging \$22,998 per homeowner.

Recycled Single Family Mortgage Program

During the current plan year, the MBOH continued its partnerships with 25 nonprofit housing organizations. The MBOH provided approximately \$22.6 million for financing of 316 homes at an average cost of \$92,265 for families whose income were 50 percent of AMI.

Disabled Accessible Affordable Homeownership Program

The MBOH has financed 158 homes for \$10,058,528 to provide affordable, architecturally accessible homes for people with disabilities so they can live independently. The average income of program participants was \$16,455, and the average purchase price was \$71,007.

Multifamily Bond Programs

No new projects were funded during the plan year through the Multifamily Risk Sharing Program or the General Obligation (G.O.) Program. However, the MBOH voted on a resolution to participate in a conduit bond deal where the MBOH would issue 4 percent tax credits in conjunction with the bond financing. The MBOH's responsibility would be to monitor the project as it does any other tax credit project. This preservation project involves 12 properties: two elderly properties with 112 units and 10 family properties with 358 units, located primarily in the western and central parts of Montana.

Reverse Annuity Mortgage Program

Twelve (12) reverse annuity mortgage loans closed during the plan year ended March 31, 2005, and 15 loans were in process. Through March 31, 2005, the program assisted 105 senior households since it began taking applications. As of March 31, 2005, 47 loans were paid off.

Affordable Housing Revolving Loan Account

During the period April 1, 2004 through March 31, 2005, 25 revolving loans, totaling \$293,448, were closed for the single-family assistance program. These loans, done in partnership with Neighborhood Housing Services and homeWORD, provide soft second and third mortgages to lower income households purchasing a home. The households must qualify under Temporary Assistance to Needy Families (TANF) rules and must complete a first-time homebuyer training course.

In addition, during the state fiscal year ending June 30, 2004, 66 rental units were rehabilitated or constructed in three Montana communities with a total of \$508,000 in revolving loans from this program.

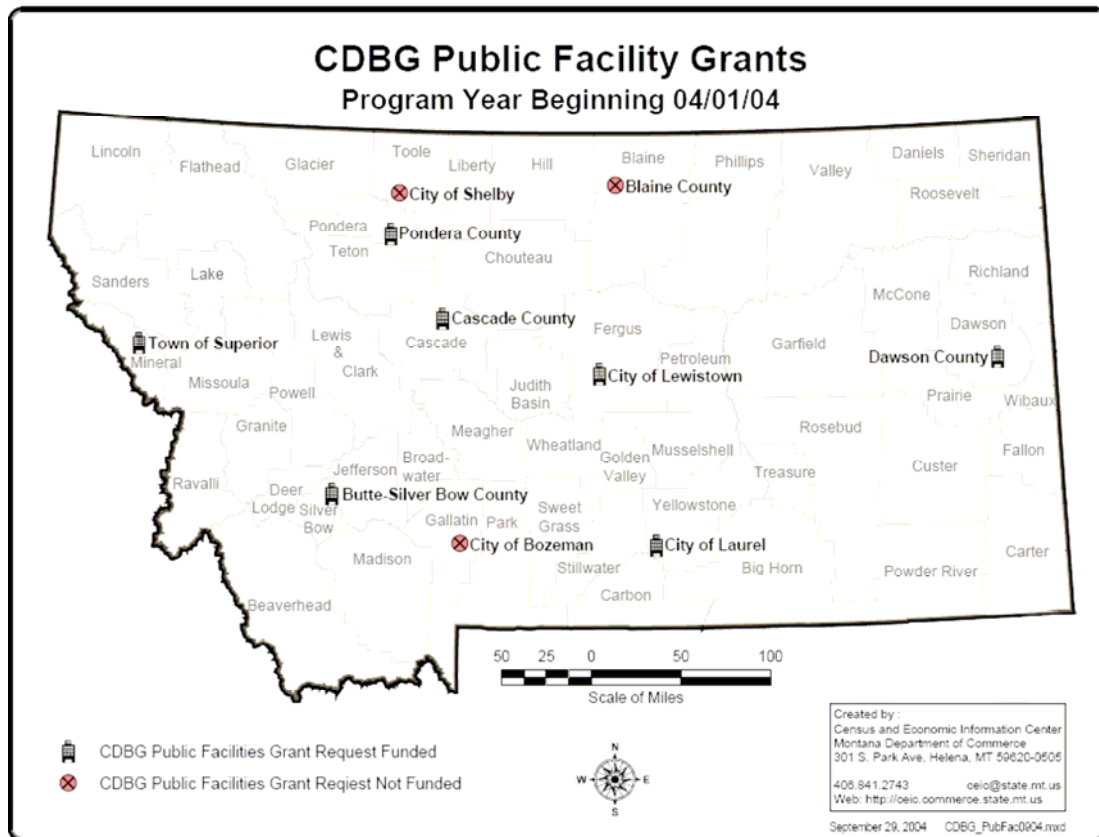
I.B.4 GEOGRAPHIC DISTRIBUTION AND LOCATION OF INVESTMENTS

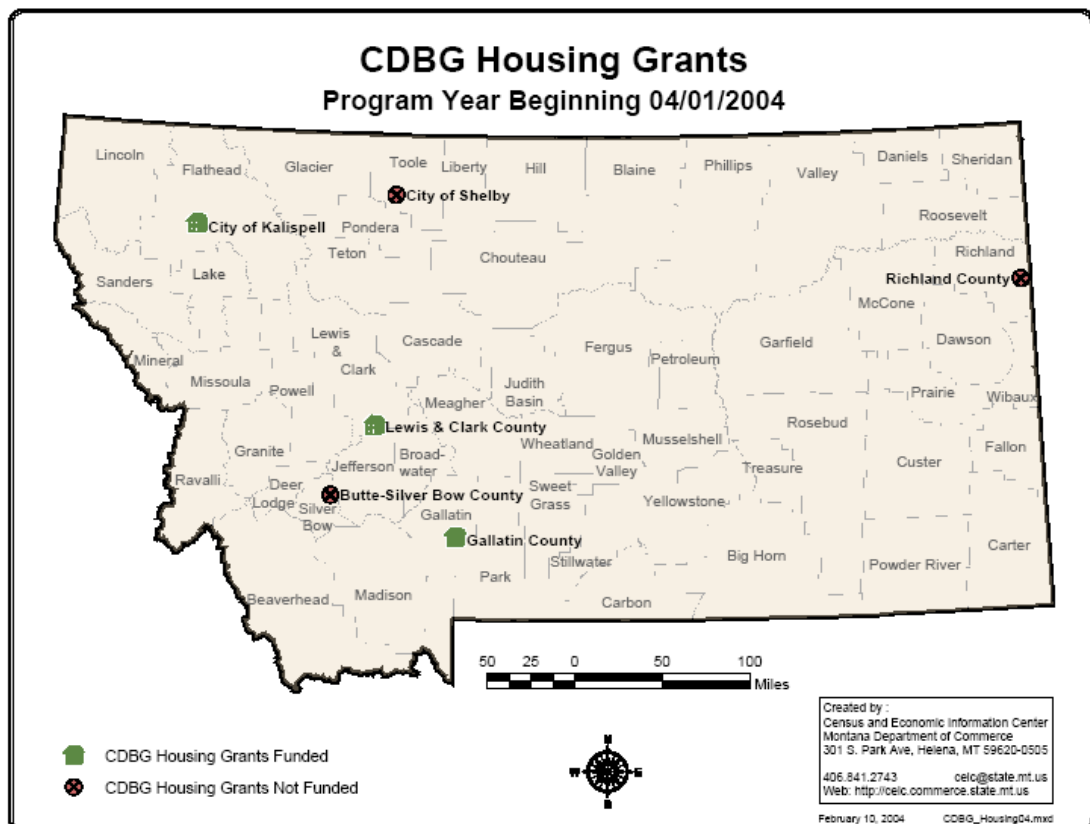
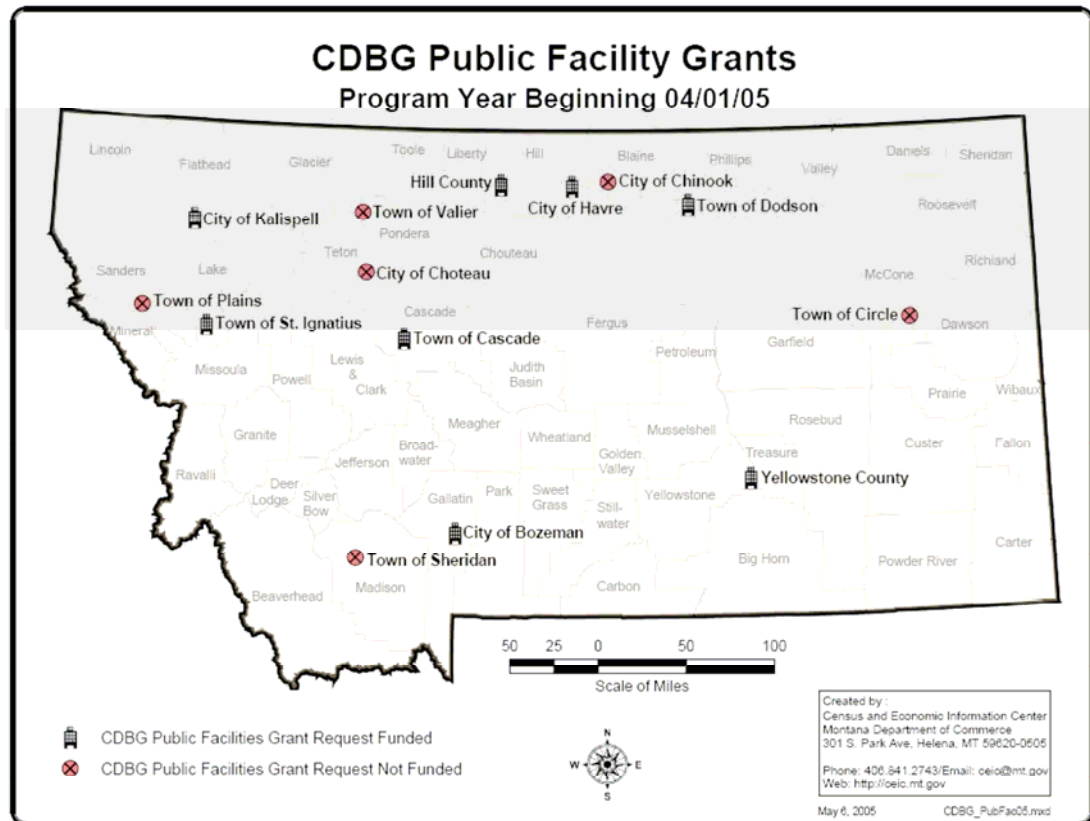
Housing and community development needs vary widely across Montana. The extreme diversity in available housing, age of housing stock, and overall range in population density complicate the assessment of the type and degree of housing and community development needs. MDOC programs are implemented on a statewide competitive basis. Entities receiving CDBG and HOME funds must have previous allocations substantially drawn down before they are eligible to apply for additional funds from these programs. This method has shown to disburse funds equitably throughout the

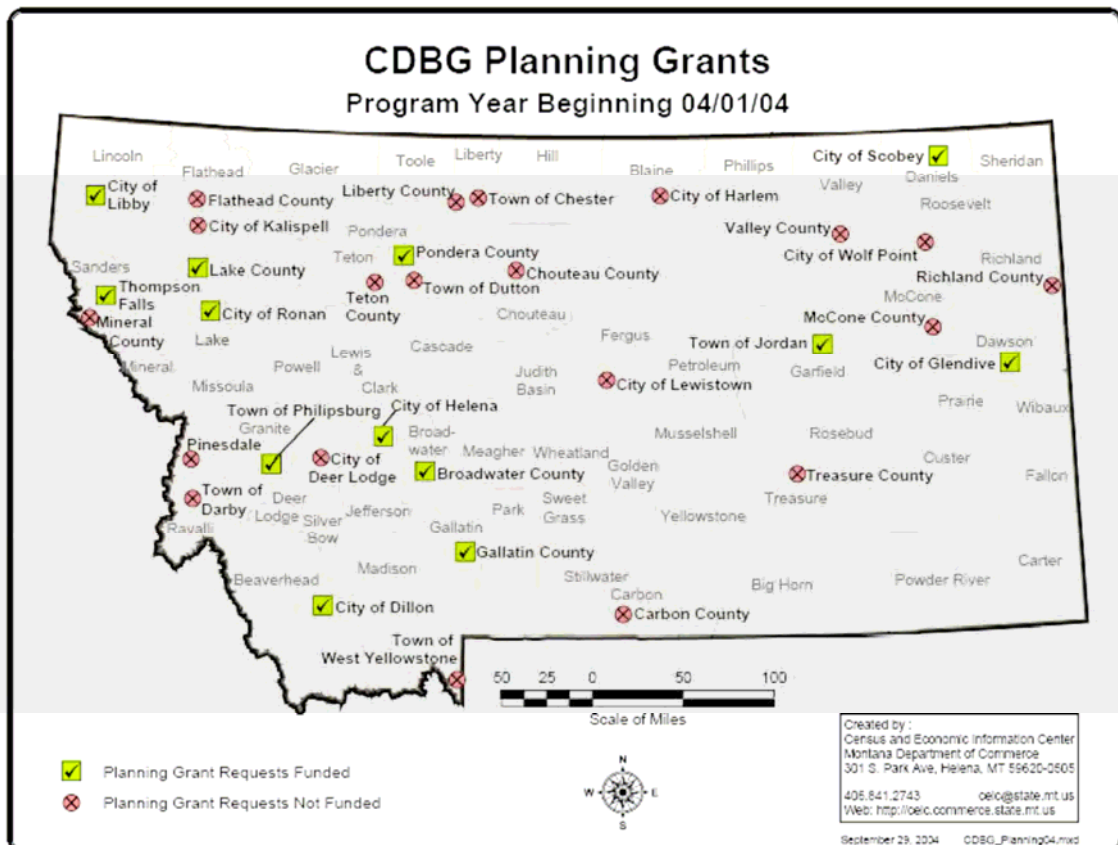
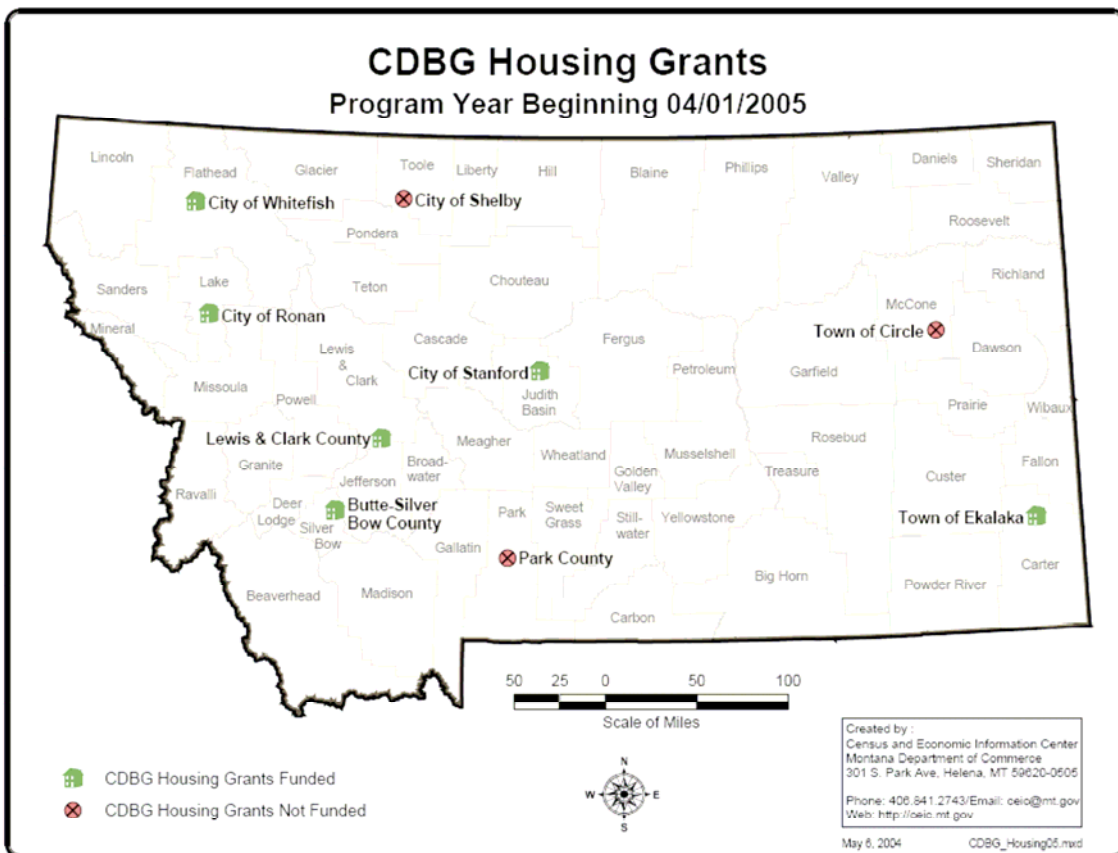
state, allowing all groups an equal chance to apply for funds. Together, all funding methods, whether through a formula, as in the ESG grants, or competitive, as in CDBG and HOME grants, tend to be widely distributed throughout the state.

In order to view the geographic dispersion of last year's funding activities for CDBG, HOME, and TSEP, several geographic maps have been prepared. In addition, maps showing the service areas for other programs have been included.

Maps

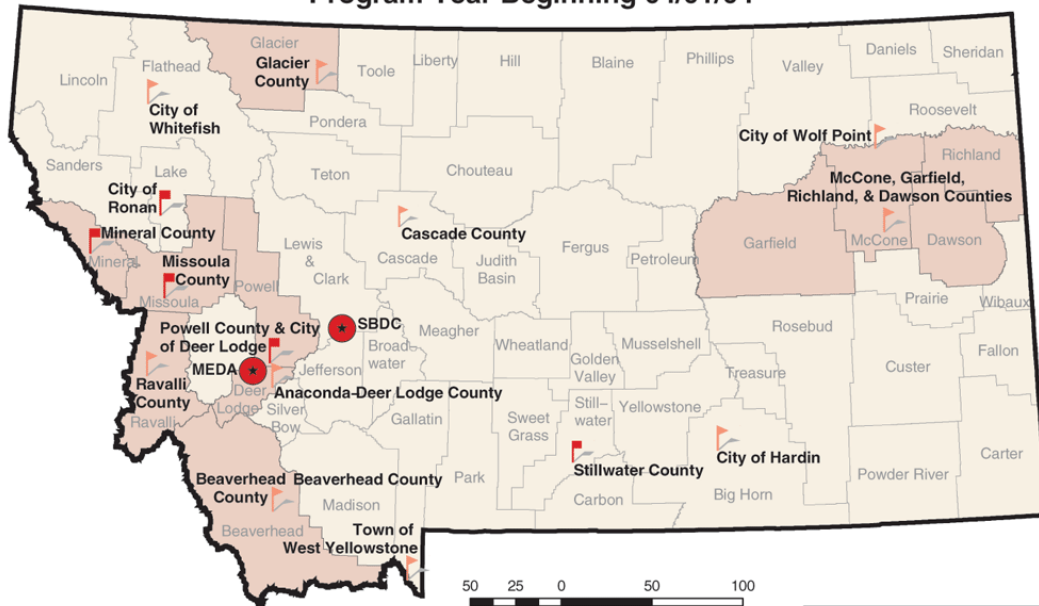






CDBG Economic Development Projects

Program Year Beginning 04/01/04



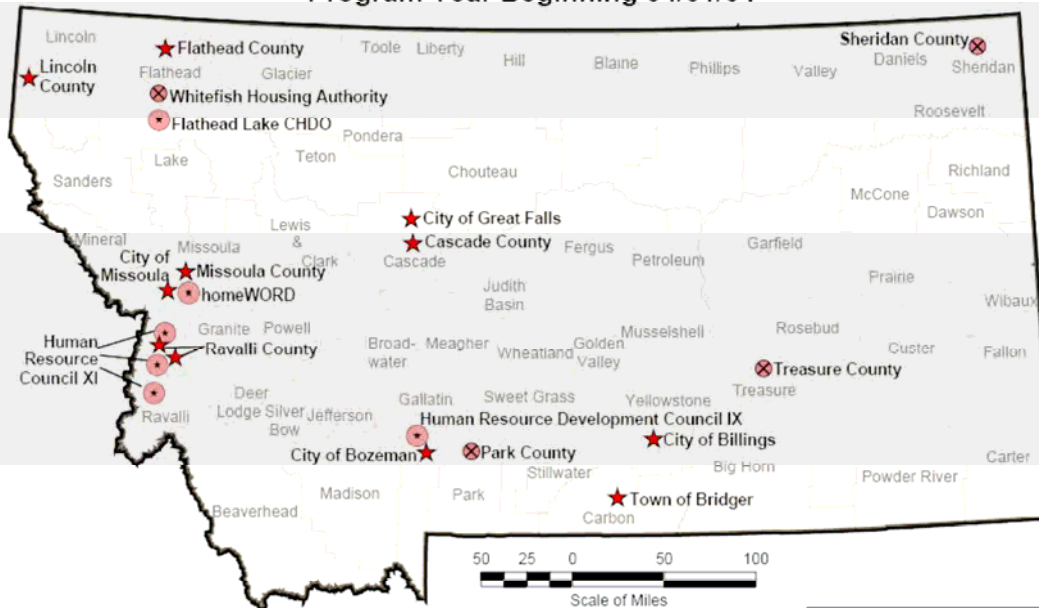
- CDBG-ED Projects Funded
- ▲ CDBG-ED Planning Grants Awarded
- Statewide CDBG-ED Planning Grants Awarded

Created by:
Census and Economic Information Center
Montana Department of Commerce
301 S. Park Ave, Helena, MT 59620-0505
Phone: 406.841.2743, Email: ceic@mt.gov
Web: <http://ceic.mt.gov>

February 10, 2005 CDBG_Projects_04B.mxd

HOME Applications

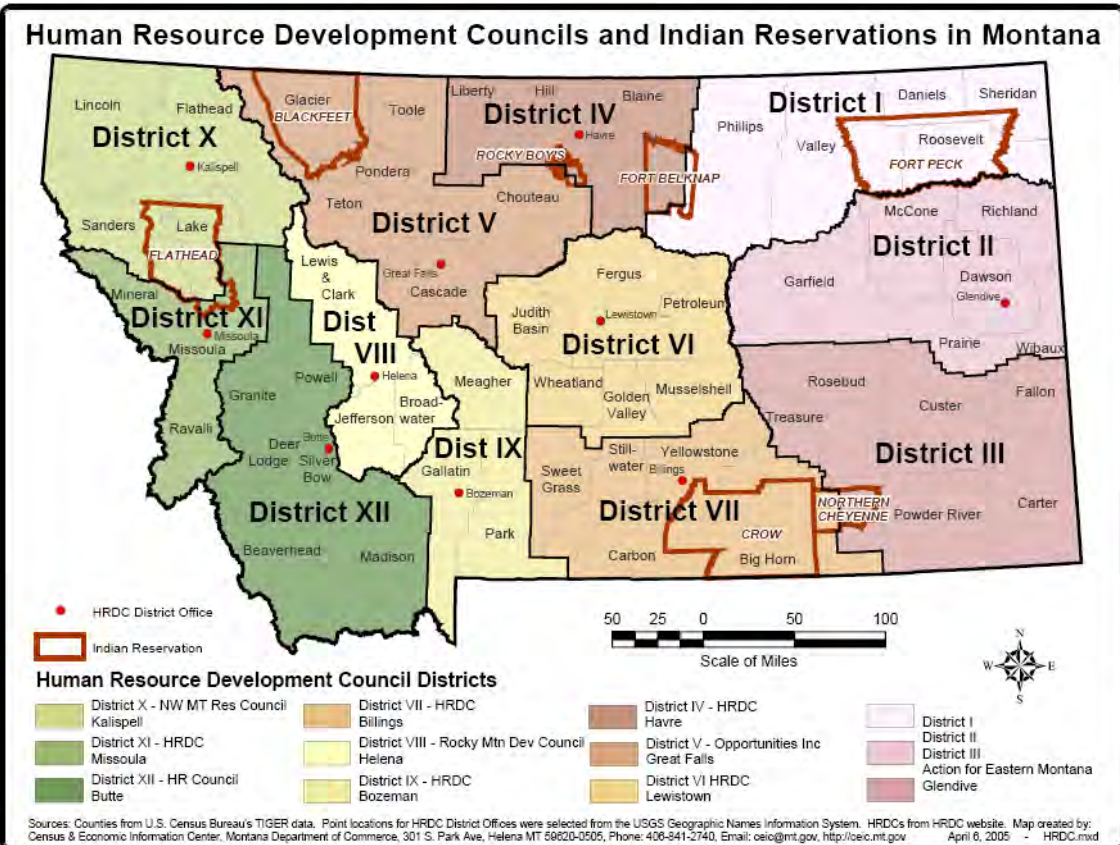
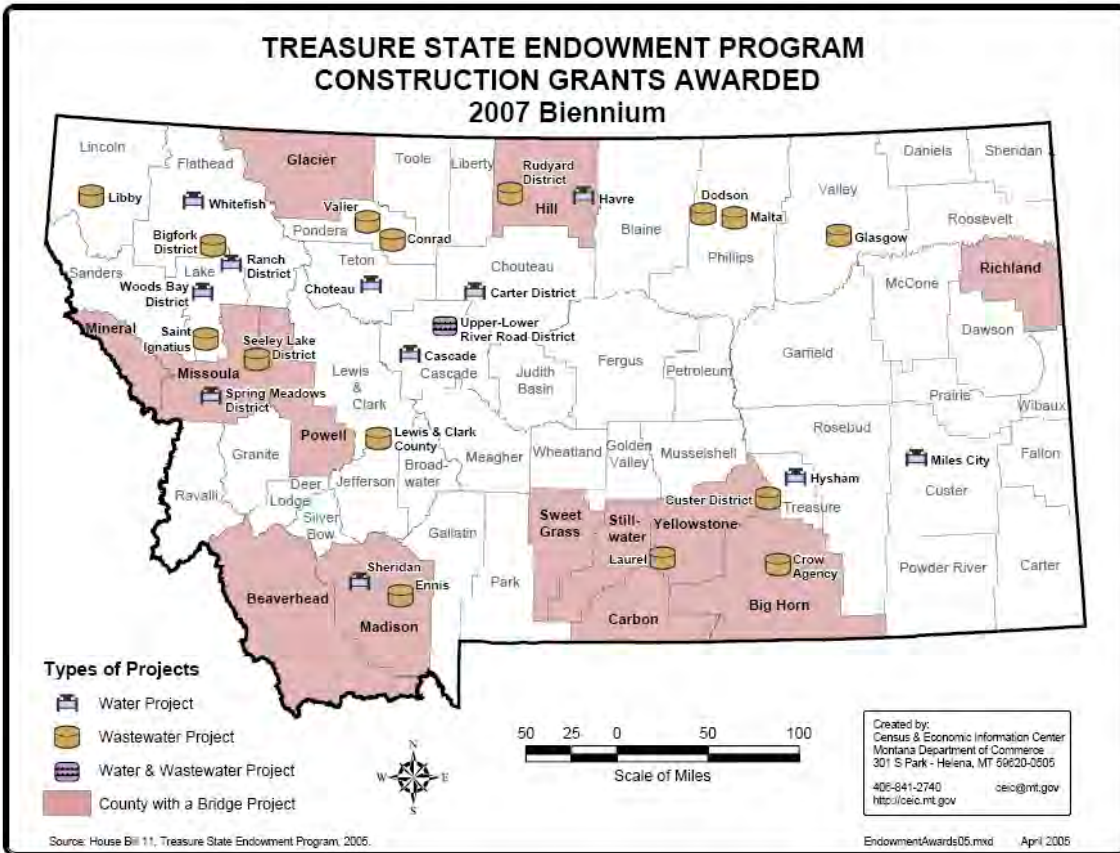
Program Year Beginning 04/01/04



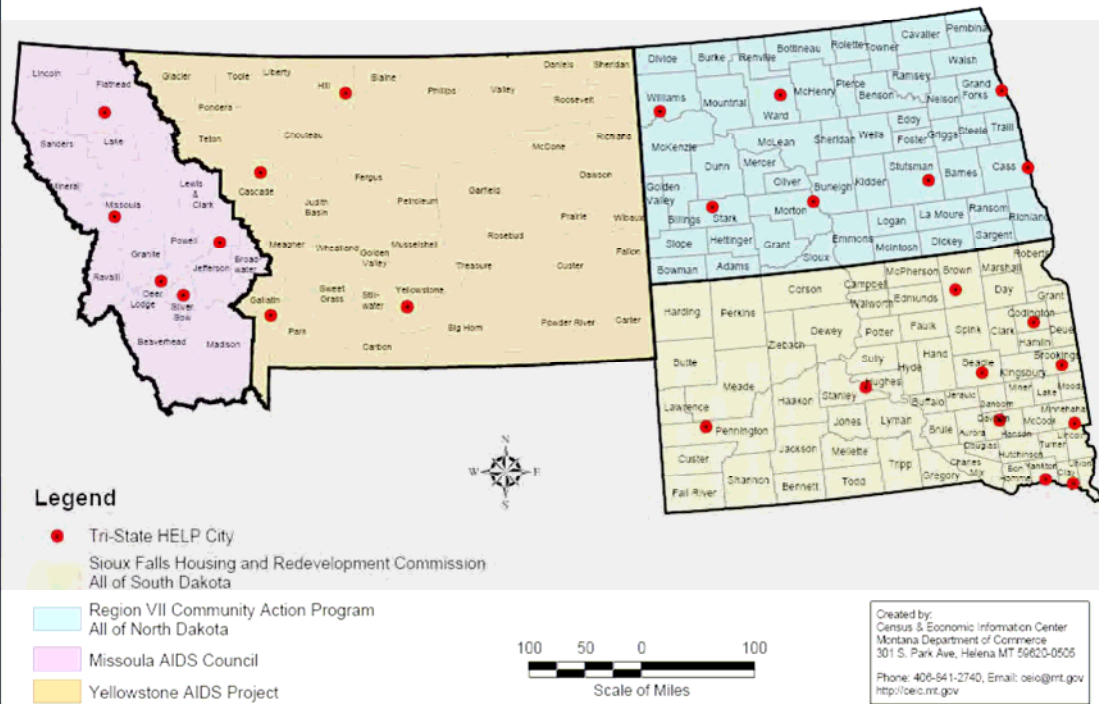
- Applications Funded - CHDO applying for a CHDO activity
- ★ Applications Funded - Local Government or CHDO applying for non-CHDO activity
- ✗ Not Funded

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Census and Economic Information Center
Montana Department of Commerce
301 S. Park Ave, Helena, MT 59620-0505
406.841.2743 ceic@state.mt.us
Web: <http://ceic.commerce.state.mt.us>

August 29, 2004 HOME_Apps_04.mxd



TRI-STATE HELP Service Area

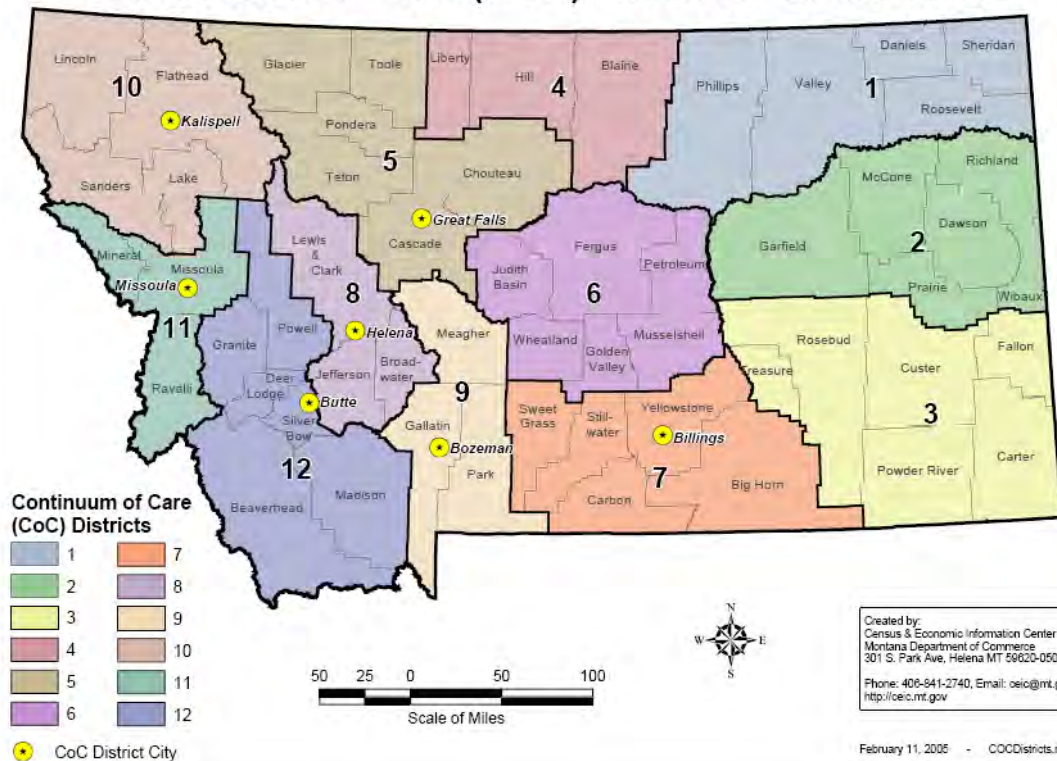


Source: Tri-State HELP, Housing Assistance Fund, 127 N Higgins, Suite 207, Missoula, MT 59602.

Tri_State_HELP.mxd

April 2005

Continuum of Care (CoC) Districts in Montana



February 11, 2005 - COCDistricts.mxd

I.B.5 PATTERN OF PLANNED VERSUS ACTUAL INVESTMENT

The CDBG-ED Program received applications on an open-cycle basis. CDBG-ED applications were reviewed and approved by a Loan Review Committee, with local governments that received grant assistance, and assisted businesses followed all contractual requirements as agreed upon by the MDOC.

The HOME and CDBG programs were carried out in accordance with results of the competitive application processes.

HUD allocates ADDI funds to HOME participating jurisdictions (PJs) based on the percent of low-income renters relative to the nation as a whole. Small PJs (such as the three Montana cities: Billings, Great Falls, and Missoula), do not receive ADDI funds directly from HUD. Instead, those cities' statistics factor into a state's allocation. Therefore, MDOC distributed a portion of ADDI funds to the cities of Billings, Great Falls, and Missoula based on the number of low-income renters relative to the rest of the state. This distribution was done outside of the normal, competitive allocation process, as outlined in the *Montana HOME Investment Partnerships Program (HOME) Application Guidelines Fiscal Year 2004*. The remaining ADDI funds were distributed throughout the state as part of the normal allocation process.

I.B.6 LIHTC ALLOCATION AND THE PROVISION OF HOUSING

The LIHTC program was carried out in accordance with the MBOH Qualified Allocation Plan (QAP), approved by the MBOH on September 13, 2004 and by Governor Judy Martz on September 15, 2004.

I.B.7 LEVERAGING AND MATCHING FUNDS

The **CDBG Economic Development** program is a major player in economic development financing in Montana. The measures of success for the program are the number of jobs created, the leveraging of other funding to complete project financing, and amounts repaid to local revolving loan funds. Economic development projects have leveraged U.S. Small Business Administration (SBA) programs such as the SBA 7A and 504 programs, Economic Development Administration (EDA) local revolving loan funds, and the USDA Rural Development Intermediary Relending Program (IRP) and Business and Industry Loan Guarantee Program. Economic development projects have also leveraged state programs such as the Montana Board of Investments and the Montana Department of Agriculture's Growth through Agriculture program.

The CDBG-ED program requires a minimum 1:1 match; one non-CDBG dollar for each dollar of non-administrative CDBG funds requested. During the past year, CDBG-ED funds matched \$18,509,092 of other funding; i.e., each CDBG-ED dollar was leveraged by over \$6 in public and private funding. Based on the past five years, CDBG-ED funds have leveraged over 11 times the amount available for awards. The Commerce Loan Fund leveraged almost 12 times the amount of available funding. On average, over the

last five years \$13,186,587 million of CDBG-ED funds were leveraged with \$150,072,285 million in other funds from public and private sources.

The **CDBG Public Facilities** and **Housing** categories leverage funds from other entities for a ratio of over 1:1 to 6:1. In the Public Facilities category of the CDBG program, local governments must provide at least a 25 percent match of total CDBG funds requested. Match is not required for CDBG Housing projects. During the past year, for FFY funding awards, CDBG public facility funds leveraged \$11,160,123 of other funds, and CDBG housing funds leveraged other funds of \$3,988,399.

HOME funds used for project activities must be matched at 25 percent. During plan year, the HOME program incurred a match liability of \$1,490,986, with a total match provided of \$789,883. Montana has excess match from prior federal fiscal years in the amount of \$7,942,922. The HOME program used \$701,103 from the excess match to make up the difference. The total cost of all projects funded in the plan year, including \$4,887,947, of HOME funds, was \$18,662,908, providing more than a 3.8:1 leverage of HOME funds.

The **ESG** program verifies that required match is documented by contracted agencies. This item was reviewed by HUD during their monitoring review conducted April 24 and 25, 2002 and not found deficient.

According the MDPHHS, the ESG match is only required above the first \$100,000; however, the MDPHHS requires it all to be matched. The ESG program has letters on file describing the amount and source of match. According to program manager, Jim Nolan, if HUD wants copies of the match letters, the program can provide them. To include them in this document “would add to a document that is already much too long”.

I.B.8 PROJECT MONITORING

HOME Program

Near the end of each HOME project, a HOME staff member conducts a monitoring visit to each project to determine compliance with housing codes and applicable HUD regulations and MDOC policies. Project monitoring is based on a guide found in the HOME Administration Manual. Key issues include assessment of affirmative marketing actions, outreach to minority and women owned businesses, data on the amount and use of program income, number of projects, and eligibility of tenants and homebuyers, rent levels, purchase prices, and compliance with subsidy limits. No findings were issued as monitored projects were found to be in compliance.

The HOME program conducted 15 monitoring reviews during the plan year:

- | | |
|--|--|
| ▪ Butte-Silver Bow County (1999) | ▪ City of Miles City (2000) |
| ▪ Neighborhood Housing Services (2001) | ▪ City of Choteau (2002) |
| ▪ City of Columbia Falls (2002) | ▪ Glacier Affordable Housing Foundation (2002) |

- homeWORD (2002)
- City of Lewistown (2002)
- A.W.A.R.E., Inc. (2003)
- Lewis and Clark County (2003)
- Human Resource Council XI (2004)
- Lake County (2002)
- Missoula Housing Authority (2002)
- Flathead Lake CHDO TBRA (2003)
- City of Missoula (2003)

Each year, all homebuyer and rental grantees provide annual certifications to HOME Program staff. These certifications require homebuyer grantees to verify that homes are either continuing to be used as the principle residences of participants, or if transfer of the property has occurred, that program income has been recaptured and accounted for. All rental projects must certify that housing quality standards (HQS) inspections have been completed and that affordability requirements regarding income and rent limits have been met. In addition, 30 projects received on-site visits. On-site visits are conducted for rental projects every year for projects with 26 or more units, every 2 years for projects with 5 to 25 units, and every 3 years for projects with 1 to 4 units. These on-site visits allow HOME staff to verify that tenant income certifications, rental agreements, rent limits, and inspection results meet HUD and MDOC requirements. Staff also reviews the facility's condition to ensure that it remains safe, decent, and sanitary. Projects were found to be in compliance with property standards and rent and income requirements. Visits were made to the following 30 projects:

- Westgate Senior Apartments (Kalispell)
- Cleveland Avenue Apartments (Ronan)
- Main Street Apartments (Ronan)
- Eagles Manor (Miles City)
- The Bridge Apartments (Missoula)
- ORI Pioneer Group Home (Missoula)
- The Courtyard Apartments (Kalispell)
- Spring Garden apartments (Billings)
- Willow Townhouse (Bozeman)
- Transitional Housing (Bozeman)
- Havre Transitional Housing (Havre)
- Smith Apartments (Miles City)
- Locust Street Apartments (Butte)
- Graham House (Missoula)
- Westside Living Units/Group Home / Duplexes (Kalispell)
- Maxwell Apartments (Ronan)
- The Crestwood Inn (Sidney)
- The Continental Gardens (Butte)
- Dairykeep Apartments (Bozeman)
- Holland Court Apartments (Great Falls)
- Abrial Court Apartments (Hamilton)
- Queen City Estates (Helena)
- Snowy Mountain Apartments (Lewistown)
- Pond Row Apartments (Bozeman)
- Pheasant Glen Apartments (Helena)
- Miles Building (Livingston)
- Poplar Duplexes (Poplar)
- Foster Building Apartments (Miles City)
- Little Rockies Senior Apartments (Harlem)
- Edgewater Estates (Poplar)

CDBG Program

CDBG projects received an on-site monitoring visit during the plan year. A basic requirement of the Montana CDBG programs—Housing, Public Facilities, and Economic Development—is for state program staff to monitor at least some element of each project at least once. CDBG operates under a comprehensive monitoring system, meaning that elements of the local CDBG project are reviewed in sixteen different areas. Within each of these areas, staff completes an extensive checklist, reviewing

each project element for compliance with HUD and state program requirements. Following the monitoring visit, staff issues a formal letter to the chief elected official of the local government reporting on the monitoring visit, noting any "Concerns," "Questions of Performance," or "Findings" as may be applicable, and asking the local government to respond promptly regarding any questions of performance or findings.

Over the years, the method of project monitoring for CDBG-ED projects has changed in response to the nonprofit organizations that administer CDBG projects and manage funds for multiple counties. More emphasis is placed on loan documentation and financial evaluation procedures for new loans, all of which require more technical assistance. To this end, the CDBG-ED Program uses a comprehensive monitoring checklist to help ensure important areas of program compliance are reviewed during the monitoring process.

ESG Program

The MDPHHS provides monitoring of the Emergency Shelter Grant Program via regularly scheduled monitoring visits by program staff, using a monitoring tool. This item was reviewed by HUD during their monitoring review conducted April 24 and 25, 2002 and not found deficient.

According to Jim Nolan, ESG program manager, "...all ESG agencies are monitored no less than annually using the department's monitoring instrument...we could attach copies of these monitoring reports, but it would be an inch or two thick." Contact the ESG program at (406) 447-4260 for additional information.

LIHTC Program

Low Income Housing Tax Credit projects are required to submit annually:

- (1) an owner's statement certifying that the project is in compliance with tax credit regulations, and
- (2) tenant certifications for all tenants that lived in the project during the year.

Each project is inspected every three years to determine if it is decent, safe, and sanitary. A tenant file review is also conducted on 20 percent of the tenant files. If compliance issues are found, they are communicated to the IRS via form 8823. The IRS will then determine the penalty, if any.

Each multifamily bond or risk-sharing project is required to submit annually:

- (1) An owner's statement certifying that the project is in compliance with bond regulations,
- (2) tenant certifications for all tenants that lived in the project during the year, and
- (3) financial statements and projected budgets.

Projects will have either: (1) an inspection every year, or (2) an inspection every three years to determine if it is decent, safe, and sanitary.

SECTION C - AFFIRMATIVELY FURTHERING FAIR HOUSING

I.C.1 SUMMARY OF IMPEDIMENTS TO FAIR HOUSING CHOICE

In the Fair Housing Act, it is a policy of the United States to prohibit any person from discriminating in the sale or rental of housing, the financing of housing, or the provision of brokerage services, including in any way making unavailable or denying a dwelling to any person, because of race, color, religion, sex, national origin, handicap, or familial status. Montana law (Section 49, parts 2 and 4, MCA) also defines illegal housing discrimination and includes age and marital status as protected classes.

According to HUD, impediments to fair housing choice include actions or omissions in the state that constitute violations of the Fair Housing Act. Further, impediments mean actions or omissions that are counter-productive to fair housing choice or that have the effect of restricting housing opportunities based on protected classes.

In February 2000, the MDOC completed the "State of Montana Analysis of Impediments to Fair Housing" (AI), which was prepared in support of Montana's Five-Year Consolidated Plan for the period April 1, 2000 through March 31, 2005. Overall, the 2000 AI concluded that impediments to fair housing exist in Montana and all protected classes face them, with varying degrees of frequency and severity. The MDOC is responsible for conducting the AI, taking actions to address the impediments within its jurisdiction, and monitoring the results. The MDOC is responsible for certifying HOME and CDBG grantees affirmatively further fair housing. The MDOC is also responsible for taking actions to address the impediments within its jurisdiction and monitoring the results of those actions. However, MDOC lacks the authority to solve these problems alone. The task of eliminating the impediments to fair housing rests on the shoulders of all Montanans. To facilitate Montana's collective responsibility, in the February 2000 AI, the MDOC committed to:

- Providing referrals to the Human Rights Bureau, HUD, the Billings Community Housing Resource Board, and Montana Fair Housing, when appropriate.
- Exploring with Montana's mortgage-lending industry the potential reasons for the rising denial rates.
- Continuing to monitor the Home Mortgage Disclosure Act (HMDA) information.
- Exploring ways to increase homeownership among all Montanans, focusing on lower-income families, single-parent households, the elderly, and Native Americans.
- Continuing to provide fair housing education in MDOC programs and information to individuals and relevant groups about fair housing education opportunities.
- Continuing to consider the results or implications of complaint data provided by the Human Rights Bureau and HUD complaint databases, and other fair housing organizations.

- Continuing to monitor fair housing compliance in grantee projects and authorize grantee administrative funds for HOME- and CDBG-funded projects to conduct activities that affirmatively further fair housing.
- Continuing to endorse statewide dialogue between key parties in the fair housing arena, such as real estate groups, landlord and property management associations, fair housing advocates, and interested citizens.
- Continuing to provide information to organizations in Montana, such as realty groups, landlord associations, and the Montana Newspaper Association about liabilities associated with discriminatory advertising practices in housing.

In 2004, the MDOC updated the *Analysis of Impediments to Fair Housing and Housing Choice*, in support of Montana's Five-Year Consolidated Plan for the period April 1, 2005 through March 31, 2010. A review and analysis of the data contained in this AI⁴ revealed six impediments to fair housing in the state of Montana:

1. Minorities face significantly higher mortgage denial rates, which may impede their entry into homeownership. Analysis of Home Mortgage Disclosure Act (HMDA) data from 1993 through 2002 revealed significantly higher denial rates for Montana's minorities, particularly Native Americans. Although higher loan denial rates for particular groups do not provide enough information to conclude that discriminatory lending practices exist, the data reveal persistent trends that suggest minorities, particularly Native Americans, face greater challenges than non-minorities in moving into homeownership.
2. Subprime lenders in the state provide large home improvement loans to extremely low-income homeowners, which places them at risk for foreclosure and impedes long-term homeownership. Analysis of HMDA data showed that between 1993 and 2002, 1,038 Montana households with yearly incomes below \$15,000 received home improvement loans. The average home improvement loan issued by subprime lenders to this income group was \$12,167.
3. HUD complaint data show violations to fair housing law continue in Montana, limiting housing choice for selected populations. The greatest number of fair housing complaints between 1993 and 2003 related to disability, followed by familial status and race. During the same period, HUD data reveal 502 total complaints, 159 related to disability, 142 to familial status, and 110 to race as a basis for complaint.
4. Access to the fair housing system is limited, impeding fair housing enforcement in the state. HUD is the enforcement agency for Montana. It operates its enforcement efforts from Denver, Colorado. Montana Fair Housing (MFH) is the only agency in the state that tests for fair housing and investigates allegations of discrimination. Despite nationwide reports detailing persistent violations of fair housing law, just 32 complaints from Montana were filed with HUD in 2003, less than half the number of complaints filed in the state a decade earlier.

⁴ *Analysis of Impediments to Fair Housing and Housing Choice*, Western Economic Services, LLC, November 2004.

5. MFH is the only agency that provides fair housing education in the state. The telephone survey conducted for the AI revealed a lack of understanding of fair housing law, particularly in rural areas and eastern Montana. The survey also revealed limited knowledge about primary resources for filing fair housing complaints, resulting in a possible impediment to the complaint process.
6. A telephone survey of 100 Montanans involved in housing-related services revealed the following:
 - a. Rental discrimination, particularly by unregulated landlords, is directed toward Native Americans and, to a lesser extent, against other members of protected classes.
 - b. Many residences, both new and old, do not comply with fair housing design and construction standards and accessibility regulations.
 - c. Enhanced fair housing instruction and training is needed in rural areas of the state, along with tailoring of the education to meet the interests and needs specific to rural areas. Respondents also favored additional education for inspectors, contractors, and others in the building industry.
 - d. Violations of fair housing law often are not reported because, among other reasons, the victims do not know the law, fear repercussions, or lack the time and resources necessary to pursue claims.

Again, the study concluded that impediments to fair housing still exist in Montana and members of the state's protected classes are affected with varying degrees of frequency and severity. The MDOC hopes to eliminate discriminatory actions and overcome an apparent lack of knowledge about fair housing law through two fair housing objectives:

1. Improve the understanding of fair housing law and proper construction practices;
and
2. Enhance coordination among members of Montana's affordable housing community.

These objectives, termed the "Education Objective" and the "Coordination Objective," represent strategies the MDOC is considering for the next five-year period. The two objectives each are organized into four types of action, described on the following pages.

1. Education Objective

- Improve the general public's understanding of fair housing law through further outreach and education.
- Explore the feasibility of incorporating homebuyer training at the secondary education level. Communicate how credit markets work, how to avoid credit problems, and what predatory lending practices are to an audience entering the rental or homebuyer market.

- Design educational training sessions for specific subgroups, including consumers and providers of housing to improve the fair housing educational experience. These subgroups will be comprised of at least the following:
 - Native Americans, with curriculum and presentation designed with understanding of cultural differences.
 - Building codes inspectors, builders, and architects, with material designed specifically to better explain 504 building requirements.
 - Unregulated property managers, who may be reached by one or more of the following methods:
 - Contacting landlord associations;
 - Communicating with county tax assessors; and
 - Contacting the Montana Department of Revenue, Property Assessment and Taxation Department to obtain a list of property owners of commercial property used for residential purposes.
 - People in rural areas of the state, especially eastern Montana, who may have unique or different fair housing concerns than the more urbanized areas of the state.
- Continue publishing and distributing fair housing educational materials and guides.

2. Coordination Objective

- Establish a network with landlords, bankers, attorneys, and others for setting and coordinating a fair housing agenda. MDOC will oversee this effort. It will establish a Fair Housing Working Group with regular meetings to assess and review progress associated with the fair housing agenda.
- Encourage partnerships among the disabled community, housing developers, builders, and other housing providers. This action may include:
 - Identifying and defining sources of information to which questions about 504 design and construction standards and 504 compliance can be referred; and
 - Urging developers and builders to contact the disabled community directly.
- Coordinate with Montana Fair Housing to further fair housing education throughout the state.
- Increase the MDOC's role as an information clearinghouse by including additional information on the Housing Division website, <http://housing.state.mt.us>, including:
 - Montana Landlord/Tenant Law;
 - Federal and Montana fair housing laws; and
 - ADA and 504 design and construction standards.

I.C.2 ACTIONS TAKEN

The MDOC has been involved in numerous educational efforts and outreach activities to affirmatively further fair housing during the plan year. These efforts and activities are summarized below.

- The Housing Division participated in the Seventh Annual Fair Housing Faire in Great Falls held April 16, 2004. The Housing Division provided materials, staff, and a booth at the Faire. The City of Great Falls requested that the Housing Division participate in the annual Fair Housing Faire in Great Falls scheduled for April 2005.
- MBOH staff attended Montana Fair Housing's annual conference held in Bozeman on April 22 and 23, 2004.
- MDOC staff attended a conference on "Building Effective Government and Business Relations with American Indian Tribes" held in Helena on June 9 and 10, 2004.
- MDOC staff attended Montana's Conference on Race 2004 "Partnering Indians and Non-Indians For Change", held August 12 and 13, 2004 in Helena.
- Staff from the MBOH attended and participated in the Fourth Annual MT/WY Native American Housing Symposium Held in Billings August 16-17, 2004. Sponsored by the Montana American Indian Homeownership Taskforce, the Federal Reserve Bank of Minneapolis, and the Rocky Mountain Bureau of Indian Affairs Regional Office, the symposium brought together members from tribes in Montana and Wyoming, members of United Native American Housing Association (UNAHA) from adjoining states, and housing specialists. In addition to tribal members, participants included: PMI Mortgage Insurance Company, Montana American Indian Homeownership Task Force, Wyoming Indian Housing Coordinating Committee, Utah Advisory Council, Fannie Mae, and various lending partners.
- MDOC staff, including the MBOH, Housing Division, and Community Development Division attended the Montana Housing Partners 2004 State Conference, *Building Housing Partnerships*, held September 29 through October 1, 2004, in Butte. The conference, which was co-sponsored by the MDOC, included a "Special Interest Topics" tract with sessions on "Changing Markets & Demographics" and "Fair Housing & ADA Issues".
- The draft 2004 "Analysis of Impediments to Fair Housing and Housing Choice" was presented for discussion at the Montana Housing Partners 2004 State Conference.
- MDOC staff participated in the Montana Financial Education Coalition's (MFEC) first annual conference, titled "Financial Education: An Opportunity for Change," on November 9, 2004 in Helena. According to the organization's mission statement: "The Montana Financial Education Coalition strives to improve the personal financial knowledge and decision-making ability of Montana citizens by promoting public awareness of the need for personal financial education, and by uniting and building capacity of financial education programs." MFEC's objectives include: (1) build public and private capacity to more efficiently and effectively deliver financial

education; (2) promote unity among financial education stakeholders; and (3) raise public awareness of the need for personal financial education.

- In January 2005, CDBG staff from the Community Development Division attended CDBG “Boot Camp” training in Washington, D.C. Sponsored by the Council of State Community Development Agencies (COSCDA), the training included a full review of HUD civil rights requirements, including fair housing actions required of all CDBG local government recipients.
- Sponsored by the Montana State and Wyoming State HUD offices, Fair Housing Accessibility FIRST Training was held in Billings on March 17-18, 2005. The free training was presented by the BearingPoint Team, a HUD technical assistance provider, and included comprehensive information on the Fair Housing Act and accessibility requirements for new and remodeled construction. The training serves as a guide to federal requirements for anyone involved in designing, building, developing, or selling/buying housing or public facilities and was a good opportunity for advocates, service providers, and citizens to learn about the laws making apartments, homes and buildings open to all. Registration was open to architects and designers, attorneys, developers and builders, disability and housing advocates, realtors, and property managers, and continuing education credits were available for architects, realtors, and attorneys. A number of Housing Division and MBOH staff attended the training.
- In conjunction with the Fair Housing Accessibility FIRST Training, the Montana Home Choice Coalition hosted a **Universal Design and Accessibility Expo**, along with its partners: the MBOH; MDOC Housing Division; Fannie Mae; A.W.A.R.E., Inc., Montana Building Industry Association; Montana Association of Realtors®; Montana Fair Housing; L.I.F.T.T.; and the Montana Independent Living Councils.

The purpose of the expo was to educate those in the housing industry about Universal Design and Accessibility as well as highlight quality products that meet the needs of persons across the age and ability spectrum through incorporating Universal Design and Accessibility features. Exhibitors included plumbing suppliers, appliance dealers, and technical assistance providers. A variety of educational displays and materials on accessibility and universal design issues were available, including universally designed and/or accessible products for the home, and educational displays on how to incorporate Universal Design in housing design. Approximately 120 individuals involved in housing development and housing management from across the state of Montana and Wyoming attended the expo.

- The MDOC hands out the “Analysis of Impediments” at the housing application workshops and Consolidated Plan meetings and supplies copies to individuals and organizations requesting them. The AI is also available on the Housing Division web site:

http://housing.mt.gov/Hous_CP_Apps.asp

- The MDOC provides brochures and posters distributed by the Montana Department of Labor and Industry Human Rights Bureau to successful grantees and as requested by individuals and organizations. The MDOC also makes the brochures

and posters available at workshops and other events. The brochures are also available on the Human Rights Bureau's web site:

<http://erd.dli.mt.gov/humanright/housediscrim.asp>

- The MDOC passes out Montana Fair Housing posters and landlord/tenant packets to successful grantees and at workshops and other events.
- The MDOC spearheaded the Fair Housing Steering Committee and prepared a Fair Housing Advertising Guide for Montana in 1998-99. A new Fair Housing Steering Committee was convened in plan year 2004 and the committee is now in the process of updating the advertising guide. The brochure provides guidelines for Realtors®, landlords, owners, lenders, managers, and newspaper publishers concerning their responsibilities under Montana and federal fair housing regulations. Copies of the brochure are available upon request and are routinely handed out at workshops and other events.
- MDOC staff participates in the Montana Alliance for Responsible Finance, which is in the process of developing an education campaign regarding Pay Day and Title Loan lending costs, developing alternatives to such loans at local credit unions, and developing state legislation and supporting federal legislation to strengthen anti-predatory lending laws.
- The CDBG Economic Development Program provides Fair Housing information and program requirements in its application guidelines and administration manual. Grant recipients are required to show efforts to further Fair Housing, and CDBG-ED staff monitors recipients for compliance.

Within the constraints of our budget and staff resources, as well as our obligation to document compliance with numerous other federal laws and regulations, we believe the MDOC has demonstrated strong and sincere efforts in regard to furthering fair housing through the HUD-funded programs.

SECTION D – AFFORDABLE HOUSING

LIHTC: The 2005 Qualified Allocation Plan for the Low Income Housing Tax Credit Program included points for projects that targeted 40 percent AMI units. Of the six 2005 projects allocated credits, there were 29 units targeted for 40 percent AMI. A total of 219 units, plus two managers' units, are being built. More points may be awarded in the future to promote targeting lower income families and seniors.

HOME Program: Of the renters assisted with HOME funds, 85.45 percent are low-income beneficiaries, i.e., their incomes are below 50 percent of AMI. More impressive is the percentage of renters who fall into the extremely low-income category, with incomes below 30 percent of AMI: 51.42 percent of the renters assisted with HOME funds in Montana. These numbers rank Montana as the eighth best state HOME Program in the country. Nearly 12 percent of rental units are occupied by minority households and 20% of those receiving HOME Tenant-Based Rental Assistance are minority households, with the largest percentage, 14.5 percent, representing American Indian households. Census data shows that Montana's total minority population is 9 percent.

CDBG: The Montana CDBG program reported serving 33 households, with some type of housing assistance, including rental housing, homebuyer assistance, and homeowner rehabilitation for the period April 1, 2004 through March 31, 2005. All of the persons and households assisted during the plan year had incomes at or below 80 percent of area median, as required by regulation. CDBG-funded projects directly providing or maintaining affordable housing during the plan year included: three first-time homebuyer projects; two new construction projects; and 12 housing rehabilitation projects, including demolition of dilapidated units.

Disabled Accessible Affordable Homeownership Program: The MBOH provided \$583,071 in financing for affordable, architecturally accessible homes for six Montana families with permanent disabilities and mobility impairments in SFY 2004. During the history of the program, the MBOH has financed 151 homes with \$9,463,273 in recycled mortgage funds. The average household income was \$16,528 with an average loan amount of \$62,670. Loans are distributed among 24 Montana counties.

Dream Montana Affordable Manufactured Home Program: In May 2002, the MBOH set aside \$1.5 million in recycled mortgage funds for the permanent financing of manufactured homes in the River Rock subdivision in Belgrade. Through this program, the buyer purchases the lot on which the existing manufactured housing unit is located, installs a permanent foundation under the residence bringing it into compliance with FHA guidelines, and refinances the completed residence. In SFY 2004, \$158,300 in MBOH financing from this program helped two Montana families realize the dream of homeownership. As of June 30, 2004, the MBOH has provided \$826,850 in financing through this program to help nine Montana families buy homes.

First-time Homebuyer Savings Account Program: The MBOH established this program in 1997 for permanent mortgages for homebuyers who have established a qualified savings account for down payment and closing costs. To date, the MBOH has committed financing for 148 homebuyers, whose incomes averaged \$29,041. In SFY 2004, the board purchased loans totaling \$1,648,473 in the program, which assisted 17 first-time homebuyers.

Habitat for Humanity Mortgage Reinvestment Program: The MBOH provided \$246,068 in financing for permanent mortgages for four Habitat for Humanity affiliate member families. This financing allowed the local Habitat for Humanity affiliate to recover its construction cost from the homes constructed and start construction on additional homes. As of June 30, 2004, 34 homes valued at \$1,700,945 have been financed. The average income of the member families helped by this program was \$22,115.

Lot Refinance Program: In July 2002, the MBOH set aside \$1 million in recycled mortgage funds for the permanent financing of homes built on land purchased by Montana families more than two years prior to construction. Under the regular bond program, these families had been precluded from using MBOH financing due to refinance restrictions. In SFY 2004, the board provided \$374,665 in financing for four Montana families through this program.

Rural Housing Loan Leveraging Program: The MBOH provided \$460,687 of recycled funds for 15 homebuyers in SFY 2004 with this program. Funds from USDA Rural Development are leveraged with interest rates that range from 1 percent for borrowers whose income does not exceed 50 percent of the area median income to 2 percent for borrowers whose income does not exceed 55 percent of the area median income and 3 percent for borrowers whose income does not exceed 60 percent of the area median income. In this program, the MBOH purchases a first mortgage (30 year, FHA insured, VA guaranteed) for half of the purchase. RD will make a loan secured by a second mortgage at a 1 percent, 2 percent, or 3 percent rate for the other half of the purchase. The MBOH has provided this program with \$15,318,490 in financing for 513 homebuyers, whose average income was \$20,936.

Due to the success of the program and at the request of RD, the MBOH expanded the program to include families whose income does not exceed 80 percent of the area median. The MBOH financed loan amounts now range from 10 to 50 percent, which keeps the monthly payment rate from 27 to 29 percent of homebuyers' income.

Bitterroot Teachers Housing Loan Program: In some areas of Montana, housing costs have outpaced the salary levels of essential community employees, like teachers. In the Bitterroot Valley, Farmers State Bank chose to address this issue by forming a partnership with the MBOH. This alliance will provide low-interest home loans and creative financing for teachers serving the Bitterroot Valley.

At least one applicant must be a teacher employed in one of seven Ravalli County school districts. The household's income must be at or below 80 percent of area median

household income for Ravalli County. The property must be located within Ravalli County, must be the purchaser's primary residence, and the purchase price must not exceed \$172,000 (existing) or \$204,000 (new construction). Manufactured homes are not eligible for financing. Additionally, the homebuyer must complete a full homebuyer education course and be approved for a first mortgage from Farmers State Bank based on USDA Rural Development guidelines.

The Montana House: The Montana House™ program is a collaboration between the Montana Board of Housing (MBOH), the Anaconda Job Corps, the United Brotherhood of Carpenters and Joiners of America, and the Painters & Allied Trades International Union. Believed to be the first program of its kind in the nation, the program was created by the MBOH as a way to provide an affordable, energy-efficient, reasonably sized home for low- and moderate- income families in Montana.

The MBOH provides the money for materials and the pre-apprenticeship carpentry students build the house under the guidance of the carpentry instructors at the Job Corps. The students get first-hand experience in residential construction, building the entire house from the ground up, from the trusses to the shingles to the sheetrock to the painting, which makes them much more marketable and employable when they look for jobs.

The homes are 960 square feet and have two bedrooms, one bathroom, oak cabinets in the kitchen and bathroom, and oak trimming throughout the house. The walls are insulated, taped, painted, and textured. Vinyl siding is hung on the exterior, and the vinyl windows are insulated, making the homes energy efficient. The price, \$35,000, includes everything except the appliances and flooring, which the homebuyer provides. The homebuyer is also responsible for the lot and foundation and moving the home.

To qualify, a homebuyer:

- Must have household income that does not exceed 80 percent of adjusted median income for the county of residence.
- Must be sponsored by a nonprofit or governmental entity.
- Must occupy the Montana House™ their primary residence.
- Must complete a full course of homebuyer education.
- Must secure a lot on which to move The Montana House™ by outright ownership, mortgage, or by a signed buy/sell agreement.
- Must submit a purchase budget for moving and installation, including:
 - A minimum of one bid from a licensed contractor for construction of the foundation, including water and sewer line hookups. Owner-built foundations are not permitted;
 - A minimum of one written estimate of utility line costs, including water, sewer or septic, telephone, electricity and gas or propane (where appropriate);

- A minimum of one bid for moving costs; and
- A minimum of one written estimate for floor coverings and appliances.
- Must be approved for a first mortgage from a lender. Homes are financed through traditional mortgages offered by lenders throughout the state.

A selection committee composed of individuals designated by the MBOH reviews applications from potential homebuyers and selects the homebuyers each year. The Anaconda Job Corps plans to build at least six houses per year.

In April 2005, the first house was moved from the Jobs Corps Center. It was placed on a truck and moved to Helena for an open house, where people were able to tour the home. It was then moved to Great Falls, where it is one of two houses that will be placed on permanent foundations.

HUD Section 184 Indian Housing Program: The MBOH provided \$325,519 in financing for three Montana families located on trust land on American Indian reservations in SFY 2004. HUD, through Section 184, guaranteed the loans. The MBOH worked with local banks, tribal representatives, bond counsel, and state and regional HUD officials. To date, MBOH financing has helped 12 families purchase homes - two homes are located on the Blackfeet Reservation, seven on the Flathead Reservation, two on the Northern Cheyenne Reservation, and one on the Fort Peck Reservation.

Native American Housing Loan Guarantee Program: The MBOH has set aside \$1 million in recycled mortgage funds for the permanent financing of 20 to 30 homes on the Flathead Reservation. These loans will have the guarantee of the Tribal Housing Authority. These funds will constitute 40 percent of each financing and will leverage 60 percent of USDA Rural Development funds. This is a pilot program for tribal members to have an avenue to get involved in conventional home financing. As of June 30, 2004, one family has realized the dream of homeownership through this program.

Montana American Indian Homeownership Task Force: Fannie Mae's Montana Partnership Office (MTPO) is committed to solving the most complex housing issues on Montana's Indian Reservations. The MTPO supports the Montana American Indian Homeownership Task Force (MAIHT), which began with a few lenders and has evolved into a statewide collaboration of lenders, nonprofits, and educators. Fannie Mae is an active partner conducting tribal legal framework reviews to facilitate mortgage lending on tribal lands. First Interstate Bank has played a key role with the MTPO as the Blackfeet and Crow Tribes completed this process. The vision of the MAIHT is for every Montana American Indian family that wants to own a home to have the opportunity to do so.

The task force is also working to support homeownership education programs, to increase the availability of safe and affordable housing, to establish legal framework for conventional lending, and to improve coordination with the U.S. Bureau of Indian Affairs.

Partnering with tribal leaders has already created housing opportunities on reservations. Single-family mortgage loan numbers are increasing, down payment programs are being established, and tribal members are becoming educated in financial fitness and homeownership.

SECTION E – HOMELESS CONTINUUM OF CARE NARRATIVE

I.E.1 MONTANA CONTINUUM OF CARE COALITION

HUD has initiated an array of policies to address the critical problem of homelessness in the United States. HUD's approach to breaking the cycle of homelessness is known as the Continuum of Care (CoC) and is an element of the consolidated planning process.

The Montana continuum of care strategy is led by a statewide coalition of statewide homeless service providers called the Montana Continuum of Care Coalition (MT CoCC) and supported with contract services from the MDPHHS. The MT CoCC system is meant to provide a full continuum of care, including emergency shelter, transitional and permanent supportive housing and other supportive services, throughout the state so that every homeless individual or family is given the help needed to regain stability and permanent residency.

The MT CoCC provides a statewide planning process and facilitates the application for McKinney-Vento Act funding. It is open to any interested individual or organization. The MT CoCC also strives to achieve improved coordination and leverage of existing resources and programs the majority of which come through the MDOC Housing Division and various divisions of the MDPHHS. These resources include "Mainstream Resources," such as SSI, TANF, SCHIPS, Medicaid, Workforce Investment Act and Veterans Health Care, and includes the coordination of programs such as the PATH program and community mental health centers, veterans programs, Montana HOME and other housing programs, and community service block grant supported programs, including LIEAP, Emergency Shelter Grants, Head Start, Runaway and Homeless Youth program and many more.

While the MT CoCC strives to meld and leverage these programs and resources at the state level, it also strives to assure homeless persons access these programs through effective, coordinated case management and service delivery at the local level. It does so by encouraging strong community continuum of care organizations that brings all providers of homeless services together to identify needs, close gaps, coordinate client services across all programs, and to identify new and innovative approaches to eradicating homeless conditions.

The MT CoCC has worked to achieve these goals through such activities as conducting an annual statewide survey of the homeless population, an annual statewide inventory of homeless resources, facilitating an annual planning and priority-setting process and, ultimately, preparing a statewide grant application for homeless funds. In the past year, the MT CoCC has also undertaken creating and implementing a plan to eradicate chronic homelessness by 2012 and a plan to ensure that no person is discharged into homelessness from a state institution or program. The MT CoCC worked with the MDPHHS Intergovernmental Human Services Bureau to sponsor the creation of the Homeless Policy Academy Team, the Montana Council on Homelessness, and the implementation of a Homeless Management Information System (HMIS) needed to gather and track data on efforts to serve the homeless.

The MT CoCC began in 1998 with grants for two projects totaling \$447,600. Since then, it has secured funding for 25 renewable projects and two one-time-only construction projects totaling over \$6.6 million dollars. Altogether, these grants have provided 168 units of permanent supportive housing for the seriously disabled, 143 transitional housing beds, supportive services for six programs providing an additional 134 beds for homeless individuals and families, and funded two supportive services-only projects assisting more than 500 other individuals and family members.

In the 2005 CoC application, Montana will be requesting grants to add another 18 units of permanent supportive housing at scattered sites in Billings, Great Falls and Kalispell. Currently, there are only 15 vouchers in Billings, which has the highest homeless count in the state, and no vouchers in Great Falls or Kalispell.

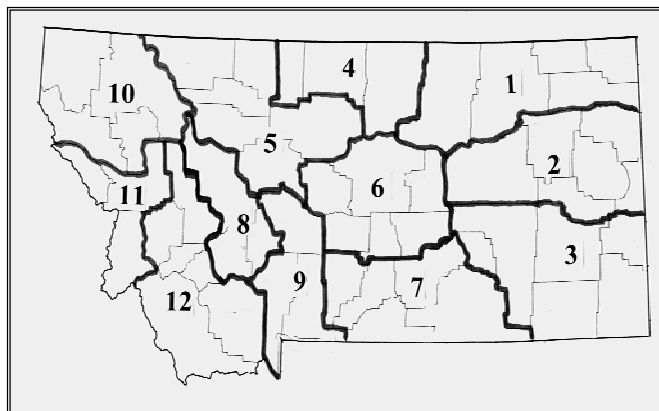
I.E.2 HOMELESS NEEDS AND HOMELESS PREVENTION

2005 Montana Statewide Homeless Survey Summary

Conducted by the MT CoCC, and sponsored by the MDPHHS and the Montana HRDCs, the annual Statewide Homeless Survey found 1,343 persons homeless on the evening of January 27, 2005. The survey, conducted according to HUD survey guidelines, was a “snapshot” survey of a single evening. This mid-winter survey counted about half the number of homeless found during a spring survey conducted the last week in April in 2003 (the survey planned for the fall of 2004 was postponed when HUD required all Continuums of Care to survey the last week in January).

Background: The survey was conducted statewide, to the extent possible, and results are reported by districts (see map). Survey activity was primarily focused in at least one major city or town in each district where the majority of relevant services are available, but organizations, such as HRDCs also used field offices and case managers to collect surveys in the outlying smaller towns. The districts and corresponding major cities are:

<u>District(s)</u>	<u>City</u>
1,2,3	Glendive
4	Havre
5	Great Falls
6	Lewistown
7	Billings
8	Helena
9	Bozeman
10	Kalispell
11	Missoula
12	Butte

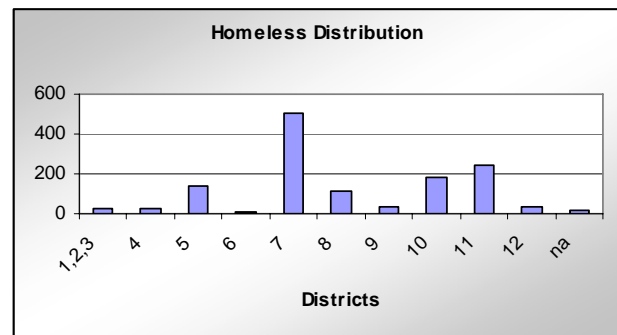


It is important to note that national experience indicates surveys in remote and rural areas undercount the homeless due to their inaccessibility. In addition, the HUD

definition of homelessness used in this report does not include families that are doubled-up or more in a single house, which occurs with greater frequency in rural areas than in urban settings.

The MT CoCC captures data primarily for “respondents” who are either lone individuals or individuals who are the head of a household with accompanying family members. Only the total number, age and school enrollment status are collected for accompanying family members. Data is presented either by respondents (individual and family heads of household) or by respondents plus accompanying family members (all homeless). Numbers do not add up to 100 percent in all cases due to incomplete responses to all of the questions and are noted as “na” in the charts.

Geographic Distribution: Seventy percent (933) of all homeless in the state were found in only three areas: Billings, Missoula, and Kalispell. The other 30 percent (390) were located in the other seven districts (see Homeless Distribution chart at right). More than 37 percent (503) of all homeless were in Billings (District 7) compared to the next largest concentration of 18 percent (245) found in Missoula (District 11).



About 65 percent (867) of all homeless persons were sheltered that evening while 35 percent (476) slept on the streets, in a car, under a bridge, in a campground, or other place not meant for habitation. Of those sheltered, 48 percent (412) were in an emergency shelter, 8 percent (67) were in a motel paid for by a voucher, and 45 percent (388) were in a transitional housing program.

Families: Forty percent of all homeless persons (535) were family members, including the head of household. This is a reversal from the Spring 2003 survey where about 60 percent were family and 40 percent were individuals.

Seventy-seven percent (136) of the family heads of household were female. Of the accompanying family members, 38 percent (128) were under the age of five including 23 pregnancies. Forty-one percent (146) were school aged (i.e., 6 to 17 years old), and 38 of those youth were not currently enrolled in school.

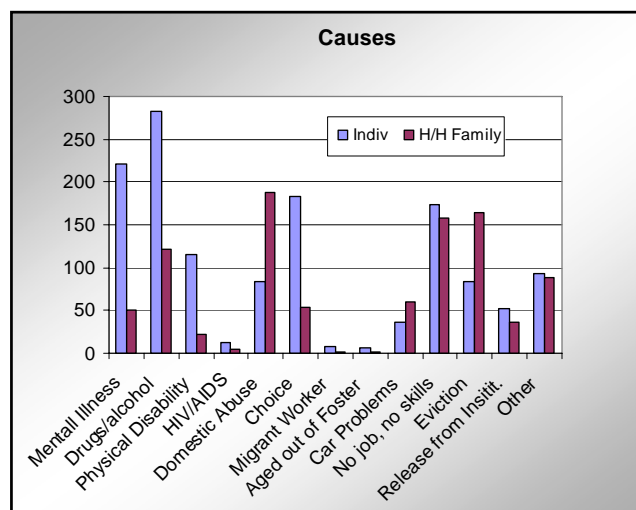
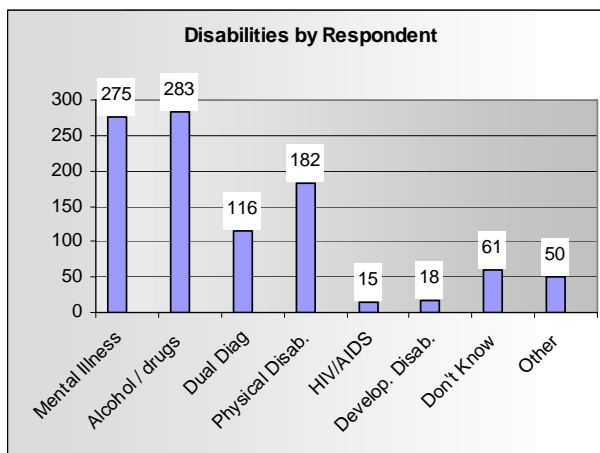
Individuals: Sixty percent (808) of all homeless persons were individuals with 74 percent (594) of them being male and 26 percent (210) female. Almost two-thirds (510) of these individuals were between the ages of 30 and 59. About 7 percent (57) were older than 60 years of age.

Twenty-two (3 percent) of the individuals were youth under the age of 18. Three of these youth were sleeping “on the streets,” five were in an emergency shelter, one was

in a motel room paid by a voucher, and 13 were in transitional housing (most, if not all, were in the Runaway and Homeless Youth program operated by HRDCs). There were also six girls under the age of 18 with infants in transitional housing that evening.

Disabling Conditions and Causes of Homelessness:

It is important to note that “self-reporting” surveys typically under-report mental illness and substance abuse. Nonetheless, 52 percent (509) of all respondents indicated a disabling condition. Among individuals, 63 percent said they were disabled while only 7 percent of family heads of household reported the same. The most often cited condition was alcohol or drug abuse (283 persons) followed closely by mental illness (275) and physical disabilities (182). A dual diagnosis, or the identification of concurrent mental illness and substance abuse, was cited by 116 respondents. Fifteen (15) respondents were identified as having HIV/AIDS.

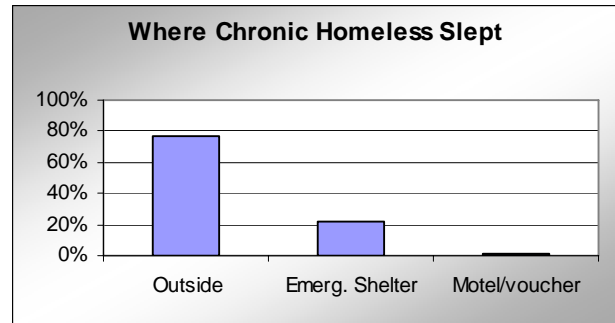


Respondents were also asked if their homelessness was caused by any of the factors listed in the adjacent chart. Individuals cited mental illness, substance abuse, physical disability, and choice as the primary causes. For family heads of household, however, the primary causes are domestic violence and eviction. Both individual and family heads of household also cited job loss or lack of job skills as contributing causes of their homelessness.

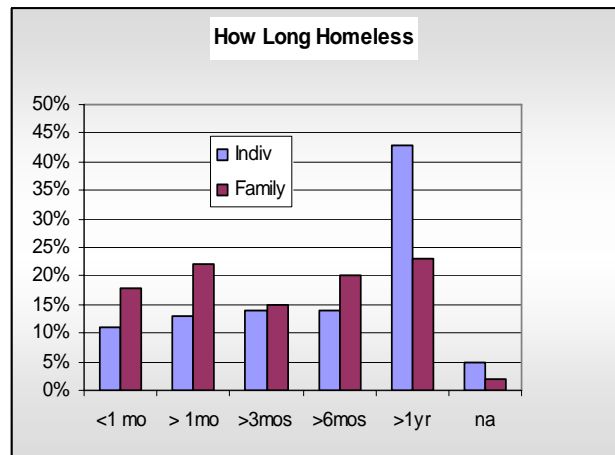
It is important to caution the reader about interpreting “choice” as a cause of homelessness. The high incidence of mental illness, substance abuse or both, especially among individuals, greatly limits one’s ability to recognize and act upon options and “choosing” to be homeless is rarely, if ever, a rational and informed decision.

Chronic Homelessness: As defined by HUD, chronic homelessness (CH) is “an unaccompanied individual with a disabling condition who has either been continuously homeless for a year or more OR has had at least four (4) episodes of homelessness in the past three (3) years.” The survey found 39 percent (234) of individuals met this definition (Billings – 121; Bozeman – 26; Great Falls – 24; Helena – 19; Missoula – 17; Kalispell – 16; Other - 11). According to the U.S. Department of Health and Human

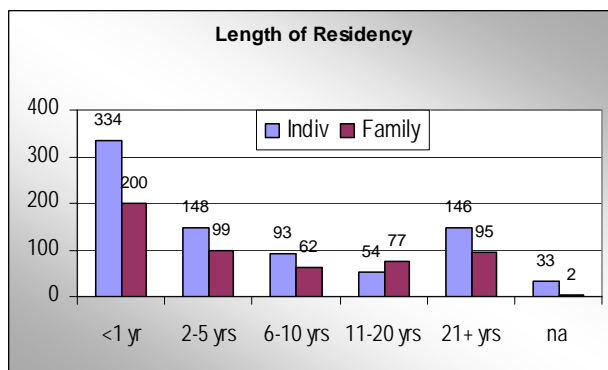
Services (HHS) Secretary's Report on Ending Chronic Homelessness: "Although the CH constitute 10 percent of the users of temporary housing, they consume fully 50% of the shelter days," and a similarly disproportionate share of other resources. In Montana, the chronically homeless accounted for about 7 percent of the users of shelter and temporary housing. Data on the percentage use of all shelter days, however, is not available.



How Long Homeless: Consistent with national experience, individuals tend to be homeless longer than families in Montana. For example, 40 percent of families had been homeless for fewer than three months, but only 24 percent of individuals could claim the same. Being homeless for more than one year was the case for 23 percent of families and 43 percent of individuals.



Counting all homeless, only 14 percent had been homeless for less than one month, 30 percent had been homeless between one to three months, and 52 percent had been homeless more than six months. An alarming 35 percent had been homeless for more than one year. The 2005 homeless duration data is relatively the same as was found in the Spring 2003 survey results.



Length of Residency in the Community:

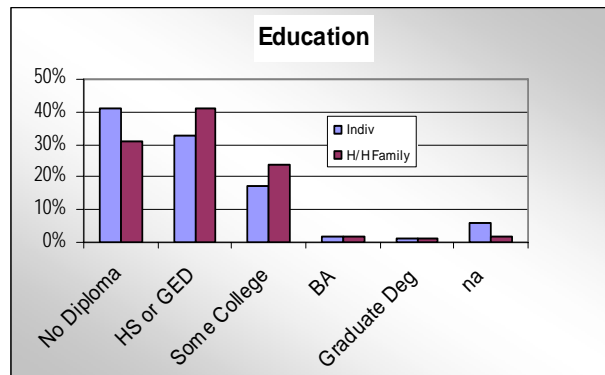
There are many aspects of homelessness that come as a surprise to the general public or policy makers, but one of the most important is the length of time the homeless have been in the community. While 40 percent of all homeless persons resided in their communities for less than one year, another 40 percent had been living in the community for more than six years. Fifty-eight percent had been in the

same community for at least two years, and 28 percent had been in the community for more than 11 years.

Education: While education levels are a bit higher for family heads of household than for individuals, altogether, 39 percent did not complete high school, 35 percent have a high

school diploma or GED, 18 percent had some college, and 3 percent had a college or graduate degree.

For individuals, 41 percent lack a high school diploma compared to 31 percent for family heads of household, and 17 percent had some college compared to 24 percent of heads of household families. Only 3 percent of both groups had a college or graduate degree.

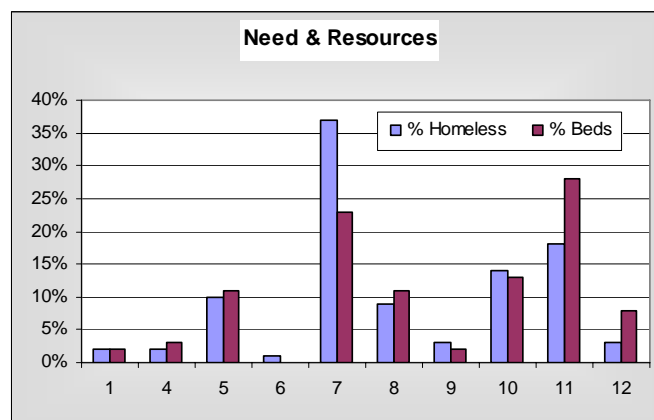


Of those with a college or graduate level degree (25 individuals and 5 heads of households), 16 indicated a disability equally divided among mental illness, substance abuse, and physical disability, and the 13 who reported no disability indicated a variety of other causes ranging from partner abuse, lost job, eviction, lifestyle choice, and release from an institution.

Miscellaneous: Sixteen percent (162) of respondents identified themselves as veterans. Ethnically, 72 percent of all homeless were White, followed by 20 percent American Indian/Alaskan Native. Hispanic/Latino and Other accounted for 4 percent each.

Resources and Addressing Homelessness: The following chart compares the number of homeless counted in the survey and the number of shelter or housing beds inventoried by local volunteers. It is meant as a rough illustration only. As a whole, there is relatively more balance across the state than first expected, but some obvious disparities do exist.

Billings, for example, had about 37 percent of the state's homeless but only 23 percent of all beds in the state. It is important to note that 253 of those are emergency shelter beds, 40 are transitional housing, and 15 are permanent supportive housing beds. In comparison, Missoula has 18 percent of the state's homelessness and 28 percent of all beds, including 115 emergency shelter beds, 166 transitional housing beds, and 96 permanent supportive housing beds. The result is that the unsheltered rate in Billings was 54 percent on January 27 while it was only 8 percent in Missoula.



It must be noted, however, that Missoula's success is the result of many years of effort by a very proactive and collaborative Continuum of Care organization and the active involvement of the City-County Office of Planning and Grants. It is also important to

note that no project in the state has ever competed against a Missoula project and the Missoula CoC group has deferred to other projects in order to spread limited CoC funds around the state.

Homeless Survey Analysis Tool: The 2005 Homeless Survey Analysis Tool is available to state and local government policy planners, nonprofit organizations or anyone wanting more information about a specific area or subpopulation. The tool is a highly unique and powerful data management tool developed by Nth-Degree Analytics of Bozeman for the MT CoCC in the hope of promoting awareness and understanding of homelessness in Montana. The MT CoCC hopes it will be used as a resource for grant writing, policy development, and resource management. While some survey or statistical analyses background is helpful, it is not necessary.

To access the Homeless Survey Analysis Tool, go to the following website:

www.nth-degree.com/mthomeless

For assistance, call Bob Buzzas, MT CoCC, at 406-586-1572, or by email at:

civicconsulting@msn.com

Montana Council on Homelessness

The Montana Council on Homelessness (MCH) was formed by Executive Order in June 2004 and is comprised of broad-based representatives of state-level and community leaders who work to address many of the issue areas that culminate in homelessness. State agency representatives include the Governor's Office, the MDPHHS, the MDOC (Housing Division), the Montana Department of Labor, the Office of Public Instruction, the Office of Veterans Affairs, the Montana Board of Crime Control, and the Montana Department of Corrections. State-level agency officials typically have the authority to exercise overarching strategies, policies, and protocols within context of their departments, divisions, and agencies. The MCH also includes representatives from a nonprofit homeless service provider, the public sectors, statewide Continuum of Care Coalition, the Social Security Administration, Health Care for the Homeless, Montana/Wyoming Tribal Leaders Council, and a previously homeless person who currently services as a case manager. The Lieutenant Governor, John Bohlinger, was recently appointed to the MCH, which has the full support of Governor Brian Schweitzer.

The mission of the MCH is: "To develop and implement strategies to prevent and reduce homelessness in Montana overall and to end chronic homelessness by 2014."

The MCH has undergone a strategic planning process since June 2004, through which five workgroups have been named to begin creating strategies to address specific issues that play into homelessness including:

- Housing;
- Access to and Delivery of Mainstream Services;

- Special Needs Populations (including substance abuse, mental illness and other disabilities);
- Finance and Resource Development; and
- Education, Employment, and Training.

These workgroups currently include 87 individuals (including council members) with content-area expertise. Each workgroup will be co-chaired by two of the MCH members. In February 2005, federal technical assistance from Martha Fleetwood of HomeBase in California was provided to the MCH and the housing workgroup through Policy Academy funds. Both groups worked on creating crosscutting strategies that would begin to impact homelessness in Montana. This was followed up by technical assistance from Ann Denton and Margaret Lassiter through PATH funds, initiating a new partnership between PATH direct service providers, housing providers, and housing funders. Additional federal technical assistance has been requested and granted.

The MCH sponsored a report, *Homeless in Montana*⁵, released in June 2004. The report has been widely disseminated in order to begin bringing the issue into the public consciousness. Since the report was released, the issue has been highlighted in three statewide television news segments.

The MCH sponsored an application to the Governor's Commission on Community Service for *AmeriCorps* planning resources. A VISTA (Volunteers in Service to America) was recruited to assist with community outreach in support of beginning to create a resource directory and to practice outreach to the local provider communities in each of the seven population centers. Dozens of telephone interviews and numerous community visits to Helena and Missoula area providers have been accomplished to date. Additional education is being provided through a growing listserv, to which a periodic e-newsletter (the *MTCOH News*) is distributed, in addition to more frequent e-news updates with information about the MCH, the MT CoCC, potential funding, good examples of Montana programs, and best practices and promising programs. The listserv currently includes over 200 names and continues to grow.

Ultimately, the work of the MCH and its workgroups, coupled with the research and outreach, will culminate in a 10-year plan to address homelessness as it exists in Montana and to end chronic homelessness.

⁵ A complete copy of the *Homeless in Montana* report can be found at:
<http://www.dphhs.state.mt.us/homelessinmontana.pdf>

I.E.3 NON-HOMELESS SPECIAL NEEDS

Persons with Disabilities

Significant activity occurred in addressing housing needs of persons with severe disabilities linked to community-based supportive living services during the plan year.

The MDOC HOME Program provided funding support for new construction of the Montana Home Choice Coalition's and A.W.A.R.E.'s Supportive Housing Duplexes in Butte and Glendive, which were completed during the plan year. These duplexes were put into service in December 2004 and provide a fully accessible supportive living environment for 16 persons with severe disabling mental illness. These duplexes, along with the Montana Home Choice Coalition/A.W.A.R.E.'s two new six-bed residences in Missoula, and Great Falls and a six-bed residence in Billings operated by Montana Community Services Mental Health Center, created a new community living opportunities for 34 persons with severe disabling mental illness who previously had been in the State Nursing Home for Persons with Mental Illness in Lewistown or at the State Hospital at Warm Springs.

The housing is supported with intensive community services provided through the MDPHHS Addictive and Mental Disorders Division's (AMDD) newly developed Intensive Community Based Rehabilitation (ICBR) program funding. A significant new opportunity for persons with severe disabling mental illness to live in the community, this program is in line with AMDD's Olmstead Plan to provide persons with severe disabilities opportunities to live in the community. This led to a closing of a wing at the State Nursing Home at Lewistown, freeing up those resources to support community living for former residents. This initiative represents a significant rebalancing effort on the part of AMDD, moving institutional resources to supporting community services.

During the plan year, the HOME Program funded three additional housing activities for persons with severe disabilities, which are in various stages of development:

- The Western Montana Mental Health Center received funding for a 5-bed single room occupancy (SRO) residence in Kalispell for persons with severe disabling mental illness.
- Opportunity Resources, Inc. received funding for a supportive living duplex in Missoula County to provide eight persons with severe physical disabilities fully accessible, supportive living residences.
- Accessible Space, Inc. received funding to construct a 17-unit accessible apartment building for persons with physical disabilities in Bozeman.

The HOME Program previously funded the Helena Housing Authority's Wilder Street Apartments (31 units), currently under construction, that features enhanced accessibility Universal Design features and specifically targets persons with disabilities for tenancy in one-third of the units to create new community-integrated rental opportunities.

The Montana Home Choice Coalition's New Freedom Homeownership statewide initiative linking individuals and families with disabilities to homeownership opportunities assisted 16 individual families with disabilities to become homeowners during this period. Most of the homebuyers benefited from homebuyer assistance from local community programs funded through either the HOME Program or the CDBG program. Three homeowners utilized Section 8 vouchers from the newly implemented Section 8 Homeownership program to support their mortgage payments. The New Freedom Initiative included a demonstration project with the Montana DPHHS Developmental Disabilities Program, which provided five persons with developmental disabilities the opportunity to become homeowners.

The effort to open up more homeownership opportunities for persons with disabilities received an additional important boost through an innovative new partnership between the MBOH, Fannie Mae, and U.S. Bank Home Mortgage offering Fannie Mae's My Community Mortgage products through the statewide MBOH lending network at a below market rate (currently 5%). The My Community Mortgage Products include the HomeChoice® mortgage, which is specifically targeted to the lending needs of persons with disabilities. This initiative is expected to greatly enhance access of persons with disabilities to home mortgage lending.

The Montana Home Choice Coalition partnered with Fannie Mae to introduce and demonstrate a new mortgage product called the Fannie Mae Community Living® loan to finance community living residences for persons with disabilities. The power of national financial markets was used to preserve scarce resources used to improve the lives of persons with disabilities. Approximately, \$3.5 million of existing debt on community living residences for persons with disabilities owned by disability service providers in communities across the state of Montana were refinanced. In total, ten separate nonprofit organizations participated in providing residential services to persons with disabilities. The majority of this debt was part of a 1990 and 1991 bond loan pool of the Montana Facility Finance Authority (MFFA). The bond obligation debt was encumbered with restrictive conditions that created barriers to refinancing. The bond pool's relatively high 8½ percent interest rate needed to be lowered to a more favorable interest rate with much less restrictive financing conditions. The Fannie Mae Community Living® loan and mortgage product, designed to provide the lower interest rates of residential lending to finance community living residences for people with disabilities, offered the ideal tool to refinance these bond obligations. The Montana Home Choice Coalition served to coordinate the refinancing process working closely with the MFFA and Fannie Mae Montana Partnership Office, linking participating lenders to the participating nonprofit organizations in the bond pool needing financing. The Coalition remained involved to problem-solve, remove barriers, and ensure that the complete refinancing of the existing bond pool debt was achieved. Overall, the refinancing initiative allowed the participating residential service providers to lower their interest rates on their debt from 8½ percent to interest rates as low as 4½ percent. The resulting savings will allow participating organizations to redirect their scarce resources from interest payments to better meet the needs of those persons with disabilities whom they serve.

Fannie Mae's Community Living[®] loan is designed to provide financing for small, community-based group homes for children and adults with disabilities who are unable to live independently. Community Living[®] mortgage loans differ from traditional single-family mortgages in that qualifying borrowers are not required to be individuals. Borrowers can be legal entities, including nonprofit and for-profit corporations, limited partnerships, and government agencies serving adults and children with disabilities. This new financing for community living residences for persons with disabilities is now available statewide.

SECTION F - OTHER ACTIONS UNDERTAKEN

I.F.1 ENHANCE INSTITUTIONAL STRUCTURE AND INTERAGENCY COOPERATION AND COORDINATION

Housing policies and housing program responsibilities are divided among a variety of agencies and organizations throughout both the state and federal governments. To aid in coordination and enhancement of program and agency efforts, the MDOC created the Housing Coordinating Team (HCT), a group of state and federal housing programs and nonprofit organizations that finance, regulate or provide housing related services. (See page 83 for HCT membership.) The group was formed to aid in directing and solving housing problems facing the state. The HCT seeks input from private citizens and local organizations on various housing related topics. The HCT was modeled after the Water, Wastewater, and Solid Waste Action Coordinating Team (W₂ASACT), which coordinates finances among state and federal agencies and provides assistance for community water and wastewater systems.

The goals of the HCT are to:

- increase coordination between the various housing agencies and programs;
- identify areas where there are impediments to affordable housing development;
- improve access to housing programs through education, including multi-agency workshops; and
- improve service delivery to funding recipients.

The MDOC's policy is to continue to refine and enhance application guidelines, forms, and workshops. To make the programs easier to access, the staff looks at streamlining documentation requirements each year. The MDOC also expanded its role in providing and interpreting information to aid localities in determining and quantifying their housing needs and problems and finding alternative solutions to those problems.

The Uniform Application (Uni-App) for Montana Housing Loan, Grant & Tax Credit Programs was completed in 1998 and is used by the housing programs. The Uni-App Team expanded the application to include the environmental review section to be compatible with all participating agencies. Now that applicants have used it for several years, the team will re-examine the Uni-App in the coming plan year to determine if any revisions are needed.

The annual tax credit Qualified Allocation Plan (QAP) information gathering meeting was held May 24, 25th, and 26th, 2004 at Carroll College. Nearly 90 participants discussed the 2004 QAP and made recommendations to changes for the 2005 QAP. Those recommendations were brought forward at a hearing and presented to the MBOH board members for their consideration when making changes to the QAP for 2005.

Housing Coordinating Team Membership

April 1, 2004 – March 31, 2005

<p style="text-align: center;">Gerry Watne HCT Chair Multi-Family Program MT Board of Housing Helena, MT</p>		
<p>Mary Lou Affleck MT Partnership Office Fannie Mae Billings, MT</p>	<p>Michelle Barstad MT Facility Finance Authority Executive Director Helena, MT</p>	<p>Bruce Brensdal MT Board of Housing Exe. Director Housing Division Administrator MDOC Helena, MT</p>
<p>Jerilee Brooks MT Partnership Office Fannie Mae Helena, MT</p>	<p>Charlie Brown Single Family Program MT Board of Housing Helena, MT</p>	<p>Lucy Brown Public Housing Authority of Billings Billings, MT</p>
<p>Gus Byrom CDBG Program Manager Community Development Div. MDOC Helena, MT</p>	<p>Deborah Chorlton Rural Development Housing Director U.S. Dept of Agriculture Bozeman, MT</p>	<p>Dave Cole Community Development Division Administrator MDOC Helena, MT</p>
<p>Cindy Donnell Rural Development U.S. Dept of Agriculture Helena, MT</p>	<p>Leslie Edgcomb CP Coordinator Housing Division MDOC Helena, MT</p>	<p>Julie Flynn HOME Program Manager Housing Division MDOC Helena, MT</p>
<p>Tom Friesen MT Field Office Director U.S. Dept of Housing & Urban Dev. Helena, MT</p>	<p>Larry Gallagher MT Field Office U.S. Dept of Housing & Urban Dev. Helena, MT</p>	<p>Hank Hudson Human & Community Services Division Administrator MDPHHS Helena, MT</p>
<p>Jeannie Huntley Housing Div. / MT Board of Housing Promotion Manager MT Board of Housing Helena, MT</p>	<p>Chris Imhoff CDBG Program Community Development Div. MDOC Helena, MT</p>	<p>Janet Kenny CDBG Program Community Development Div. MDOC Helena, MT</p>
<p>Frank Kromkowski CDBG Program Community Development Div. MDOC Helena, MT</p>	<p>Gene Leuwer Rocky Mountain Development Council Helena, MT</p>	<p>Maureen Martin Housing Assistance Bureau Chief Housing Division MDOC Helena, MT</p>
<p>Bob Morgan Single Family Program Manager MT Board of Housing Helena, MT</p>	<p>Michael O'Neil MT Home Choice Coalition State Director A.W.A.R.E. Inc. Program Officer Helena, MT</p>	<p>Dave Parker Project Based Section 8 Manager Housing Division MDOC Helena, MT</p>
<p>Sheila Rice Neighborhood Housing Services / Montana Homeownership Network Executive Director Great Falls, MT</p>	<p>Mat Rude Multi-Family Program Manager MT Board of Housing Helena, MT</p>	<p>Maureen Rude (past chair) MT Partnership Office Fannie Mae Helena, MT</p>
<p>Judy Schneider HRDC VII Billings, MT</p>	<p>George Warn (retired) Housing Assistance Bureau Chief Housing Division MDOC Helena, MT</p>	

MBOH staff from the Low Income Housing Tax Credit Compliance program held compliance training for all interested owners/managers of tax credit projects on November 9 and 10, 2004 in Helena. Annual compliance training is now required and this was the first presented by MBOH staff. Over 80 participants gathered to get updates and changes in the IRS compliance processes.

The MDOC Housing Division and Census and Economic Information Center (CEIC), the Montana Association of Realtors (MAR), and the Montana Building Industry Association (MBIA) joined forces to develop a more comprehensive, easily accessible housing information database. The Housing Division, MAR, and MBIA were working independently with the Center for Applied Economic Research (the Center) at Montana State University-Billings to gather housing-related information and to produce reports. While it is still in the early stages, the purpose of the research partnership is to provide for systematic data collection and analysis and dissemination of research results through a central website maintained by the MDOC. Initially, the website would make frequently requested Census information and the analysis of housing prices, sales trends, affordability and attainability, and new construction activity available by county

The state continues to expand its coordination with the private sector. Many banks, savings and loans, and other financial organizations involved in housing are interested in taking advantage of federally-assisted housing improvement programs to meet their obligations under the federal Community Reinvestment Act (CRA). An ongoing example of CRA activity in Montana is the Glacier Affordable Housing Foundation (GAHF), formed by Glacier Bancorp, Inc. to assist low- and very low-income families in purchasing homes in Lewis and Clark, Flathead, Glacier, Lincoln, Sanders, Lake and Yellowstone counties. GAHF's Home Ownership Assistance Program established a permanent revolving loan fund for continuing homebuyer assistance, along with a commitment from the MBOH to provide low-interest, long-term financing. HOME and CDBG grantees have received approval to complete projects that leverage these foundation funds.

State housing and human service officials are playing an active role in the activities of the Montana Home Choice Coalition, as detailed on page 89. The creation of this Coalition enhances the mutual understanding of state housing and service officials as to the housing needs and desired housing choices of Montana citizens with disabilities. The Coalition expects to enhance the housing opportunities of people and families with disabilities through this collaboration.

The Montana HomeOwnership Network is a unique collaboration that has developed over the years in Montana to provide homeownership services to lower income families statewide. Realtors market homeownership to customers. The Neighborhood Housing Services (NHS) of Great Falls, the RC&Ds (Resource Conservation & Development Areas of NRCS/USDA), the Missoula Housing Corporation, the City of Billings, and WORD train potential homebuyers. Neighborhood Reinvestment, NHS's national affiliate, "trains the trainers" and the MBOH and Rural Housing Services (RHS) provide

first mortgages. Local lenders package the loans. NHS and the MBOH provide second mortgages for down payments and closing costs.

The MDOC promoted and assisted nonprofit organizations and other entities in applying for and receiving certification as Community Housing Development Organizations (CHDOs). Funding for CHDOs allocated in the plan year ended March 31, 2005 grant competition totaled 35 percent of the grant awards, or \$1,680,393. The total estimated cost of CHDO projects was \$8,738,792. Certified CHDOs include:

- Action for Eastern Montana, Glendive
- Bozeman Interfaith Housing II, Inc.
- District IV Human Resources Development Council, Havre
- District VII Human Resources Development Council, Billings
- District XI Human Resource Council, Missoula
- Flathead–Lake CHDO, Kalispell
- Glacier Affordable Housing Foundation, Kalispell
- Habitat for Humanity of Southwest Montana, Butte
- Lake County Community Housing, Ronan
- Missoula YWCA, Missoula
- Neighborhood Housing Services, Great Falls
- North Missoula Community Development Corporation, Missoula
- Ravalli Services Corporation, Hamilton
- Rocky Mountain Development Council, Inc., Helena
- Supporters for Abuse Free Environments, Inc., Hamilton
- Women's Opportunity & Resource Development, Inc. (homeWORD) Missoula
- A.W.A.R.E., Inc., Anaconda
- BSW, Inc., Butte
- District VI Human Resources Development Council, Lewistown
- District IX Human Resources Development Council, Bozeman
- District XII Human Resource Council, Butte
- Garden City CHDO, Missoula
- Great Northern Development Corporation, Wolf Point
- Elkhorn Housing Development Corporation, Helena
- Little Bitterroot Services, Plains
- National Affordable Housing Network, Butte
- Northwest Montana Human Resources, Inc., Kalispell
- Opportunities, Inc., Great Falls
- Regional Services, Billings
- Samaritan House, Kalispell
- Wolf Point Development Corp., Wolf Point

The plan year ending March 31, 2005 represented more of a continuation of local development corporations who function as the subrecipients and administrators of CDBG-ED projects and the subsequent revolving loan funds. Local development corporations are able to provide a broad range of business development services, which include financing and technical assistance programs. Recognizing the economies of scale and efficiencies in sharing resources, the state encourages CDBG-ED projects be administered by a community development corporation that is preferably regional in its scope of services, experienced in administering CDBG-ED projects, with a track record of community lending.

Since the inception of the CDBG-ED program as a stand-alone program in 1989, the number of revolving loan funds has proliferated. The number of RLFs created and dollars under management is voluminous. Approximately eight projects per year have

been funded over the past 10 years, resulting in 48 RLFs across the state, a secondary result of providing a loan to a business with CDBG-ED funds, which has provided a positive cash flow for regional loan funds.

The MDOC encourages local governments to contract with a regional development organization that has been qualified as a Certified Regional Development Corporations (CRDCs). The CRDC, a new program in 2004 at the MDOC, designated twelve CRDCs across Montana. CRDCs will manage regional revolving loan funds and be subject to all requirements as outlined in the CDBG publication *CDBG Program Income and Revolving Loan Fund Manual*.

The MDOC is an active member of the Montana Economic Developers Association, a statewide association of economic development professionals, including professional “lead” economic developers, business specialists, government employees, and staff members of affiliated nonprofit organizations that promote and foster economic development activities in Montana. MEDA is a private nonprofit organization created to increase the effectiveness of local economic development efforts by acting as a statewide resource for its membership.

MEDA sponsors educational seminars, workshops, and conferences to advance the economic development profession. It coordinates statewide economic development workshops that provide intense training for economic developers interested in obtaining professional certification. It conducts research to stimulate the interchange of ideas and experiences between individuals with mutual goals and interests. MEDA also develops network and communications systems to disseminate information and acts as a clearinghouse and contact point within Montana for other state, regional, national, and international economic development organizations and agencies.

W₂ASACT is a group of professionals from state and federal governments, and nonprofit organizations that finance, regulate, and/or provide technical assistance for infrastructure, principally drinking water and wastewater systems. Meeting bimonthly, W₂ASACT explores and coordinates a wide range of activities linked to improving the environmental infrastructure of local governments and unincorporated communities across Montana. W₂ASACT regularly sponsors and coordinates annual seminars statewide to explain the various financial programs and resources available to assist local governments in funding their infrastructure needs. Civil engineers, local government representatives, and technical assistance providers are invited to present comprehensive information regarding environmental infrastructure projects. W₂ASACT subcommittees address issues of community planning and environment regulation in order to streamline the application and project implementation process for small rural communities.

The CDBG program conducted joint public facility application workshops in cooperation with the Treasure State Endowment Program, MDNRC Renewable Resources Program, USDA Rural Development, Montana INTERCAP, and Montana Department of Environmental Quality State Revolving Fund. These activities were carried out in

cooperation with the Water, Wastewater, and Solid Waste Action Coordinating Team (W₂ASACT).

The minimum population requirement was eliminated for Census Designated Places (CDP) for the Census 2000. This provided an opportunity to propose smaller CDP areas, especially those areas encompassed in water and sewer districts within county unincorporated areas. Because accurate statistical information is a vital component of grant and loan funding requests, the MDOC in cooperation with the MDEQ and the MDNRC hired a consultant to coordinate water and sewer district boundaries with census geography. For the 2000 Census, 119 new CDPs were carved out of former county territory for specific enumeration.

As a result, new CDP data provides population and socio-economic information that is crucial for the fast-growing, unincorporated communities within the state. In the past, census data for these areas was simply combined or "lumped" into the surrounding rural county area. For the 2000 Census, specific boundaries were drawn around many of the unincorporated communities in Montana in order to get specific information for these areas. This data is a very important planning tool that can assist in providing all kinds of public services and assistance to these areas and simplify the process of applying for federal and state funding for these small, unincorporated communities.

The Community Development Division continued its participation in W₂ASACT, facilitating coordination among all Montana federal, state, and nonprofit organizations involved in funding, regulating, and assisting community infrastructure. The Division continued to utilize a Uniform Application for Public Facility Projects mutually developed and shared by W₂ASACT agencies.

The CDBG-ED Program works with many financing and technical assistance programs within the Business Resources Division: the network of Small Business Development Centers (SBDCs), which are jointly funded by the MDOC and the U.S. Small Business Administration (SBA); Business Location and Recruitment; the International Trade Office; Census and Economic Information Center; Regional Development; MicroBusiness Finance; and outside the division, the Montana Board of Investments programs and the Governor's Office of Economic Opportunity.

In addition, state and local program administrators work closely with the Montana Job Service under the Montana Department of Labor. The Job Service handles the application process and screening for low- to moderate-income levels. The MDOC continues to work with them to better serve the CDBG-ED program. The Job Service now focuses on serving employers through their statewide network of Business Advocates. The Business Resources Division will continue to coordinate with them on training and technical assistance activities.

Business Resources Division staff continues to participate at meetings and workshops with local development corporations, the federal Economic Development Administration representative, USDA Rural Development personnel, and economic developers across

the state through MEDA. The CDBG-ED Program also recognizes that housing and infrastructure are key components tied to economic development. CDBG-ED works cooperatively with HOME and the CDBG Public Facilities and Housing Programs. CDBG-ED staff attends regularly scheduled W2ASACT meetings. CDBG-ED staff continues to participate in the public involvement meetings for development of the Consolidated Plan.

Montana's Consolidated Plan also lends support to MDPHHS planning efforts related to the state's response to the 1999 Olmstead U.S. Supreme Court decision requiring states to ensure that people with disabilities have every opportunity to live in the least restrictive environment outside of institutions and nursing homes. The Olmstead planning process, led by the MDPHHS Disability Services Division, identified the need for development of housing programs to serve the needs of people with severe disabilities currently living in institutions or in nursing homes, or are at-risk of institutionalization.

As previously discussed in the Special Needs Housing section, MDOC HUD-funded programs (primarily HOME) funded significant supportive living opportunities that will aid in opening up community living for persons with severe disabilities. Projects funded include three supportive living residences for persons with severe disabling mental illness with a total of 21 new community living options linked to supportive services. In addition, 17 accessible apartments were funded for persons with mobility impairments in Bozeman, along with a two four-bedroom duplex in Missoula for persons with severe physical disabilities in Missoula. All of these projects will create new community living opportunities for persons with severe disabilities who previously lived in institutions or nursing homes.

The MDOC supports and participates in the Montana Home Choice Coalition. The Home Choice Coalition advocates for and forms partnerships with agencies and financial institutions to provide homeownership, integrated community rental housing, supportive living housing, and other housing opportunities to people with disabilities or families that have members with disabilities living with them. The MDOC provided specific support of Coalition activities to promote enhanced accessibility and Universal Design features in housing. The Coalition is a leader in the state in terms of linking the housing and disability service communities to better serve the housing needs of persons with disabilities to open up community living choices. The Coalition's new website is a new tool for the housing and disability communities to better meet the housing needs of person with disabilities:

www.montanahomechoice.org

I.F.2 FOSTER AND MAINTAIN AFFORDABLE HOUSING AND ELIMINATE BARRIERS TO AFFORDABLE HOUSING

The Uniform Application for Montana Housing Loan, Grant & Tax Credit Programs was completed in 1998 and is now used by all the programs. The Uni-App Team expanded the application to include the environmental review section to be compatible with all

participating agencies. The team continues to work on developing common compliance monitoring forms and procedures.

As discussed in I.D.1, the MDOC created the HCT to promote interagency cooperation and coordination. The members of the HCT meet several times per year and develop goals and objectives, share program information, identify housing activity, and develop ideas to pursue further coordination with individual housing providers and local organizations. The HCT participated in developing the Housing Resource Directory, the Uniform Application for housing programs, and coordinated workshops.

In 1996, the Housing Division and Montana Board of Housing created a Housing Working Group to review areas where regulations are adding to the cost of housing. Other areas the working group continues to address include the legislative process, comprehensive planning and zoning, and subdivision standards. The working group developed, in conjunction with the MBIA, the MDEQ, and Fannie Mae, an affordable/energy efficient house plan book. The National Council of State Housing Agencies (NCSHA) presented this long awaited, housing plan book, entitled Montana Housing Solutions – Designing for Comfort & Quality, with a top award. The plan book, which is a primer for first-time homebuilders, was well received by Montanans. The process for updating the book is being considered by the development committee.

Through the support of the Real Choice Systems Change Grant, Fannie Mae, and A.W.A.R.E., Inc., the Montana Home Choice Coalition formally convened in the summer of 2002. The Coalition's mission is to create better community housing choices for all people with disabilities by working through a coalition of Montana citizens, advocates, providers, local, tribal, state and federal agencies, the housing finance community, realtors, and the home building industry.

The Coalition, through its lead agency A.W.A.R.E., Inc., is in its third year of a three-year Center for Medicaid and Medicare Systems Change grant through the Montana DPHHS to support its mission of expanding housing opportunities for individuals and families with disabilities. The Coalition is focused on three general housing development goals: expanding homeownership to people with disabilities; creating Olmstead-related community housing solutions for people with disabilities currently residing in institutions; and creating Universal Design, fully-accessible, community-integrated affordable apartments. The Coalition is also actively engaged in advocating for additional resources targeted at the housing needs of people with disabilities, particularly those with very low incomes. In addition, the Coalition is involved in technical assistance and education efforts aimed at building the capacity of the disability community to access mainstream housing resources and to engage directly or in partnership in housing development activity. The Coalition will assist any individual or organization working to create better housing choices for Montana citizens with disabilities. To contact the Coalition, please visit its website at:

www.montanahomechoice.org

For additional discussion on affordable housing, please see Section D of this report, beginning on page 66.

I.F.3 PUBLIC HOUSING RESIDENT INITIATIVES

The Housing Division acts as the state PHA, administering Section 8 tenant-based assistance. The MDOC does not own or directly manage public housing projects; therefore, the state has not undertaken any specific public housing resident initiatives.

I.F.4 LEAD-BASED PAINT HAZARD REDUCTION

The Lead-Based Paint Task Force was developed in the spring of 2000 to address the issues surrounding the HUD lead-based paint (LBP) regulations for pre-1978 homes, known as Title X, Section 1012/1013, which went into effect on September 15, 2000. The task force initially identified a lack of capacity of certified personnel in the state to meet the lead-based paint regulations as its number one priority.

Montana, a rural area composed of three CDBG and HOME entitlement communities (Billings, Great Falls, and Missoula) and seven Native American Reservations with sovereign governments, has made progress in securing EPA-certified Inspectors, Risk Assessors, Supervisors, and Workers since the lead-based paint regulations for pre-1978 homes, known as Title X, Section 1012/1013, went into effect on September 15, 2000. Participating communities are beginning to find creative solutions to address LBP regulations. Even very rural towns have partnered with agencies that are able to conduct LBP risk assessments and clearance tests.

In 2000, Montana partnered with the Montana State University (MSU) Extension Service to bring Environmental Protection Agency (EPA) certified trainers from North Dakota to Montana to conduct two training seminars: one for LBP inspector and LBP risk assessor training and one for LBP supervisors and LBP workers. Many people attended the training; however, after careful consideration, over three-fourths opted not to continue the certification process. The reasons for their decision vary, but include travel restrictions, excessively high EPA certification costs, a very cumbersome certification process imposed by EPA and HUD, and the cost of liability insurance.

The MDOC promoted free HUD training whenever it was offered in the state; unfortunately, scheduled training was often cancelled due to perceived low enrollment. The continued cancellation of courses by HUD created a “credibility issue” and people interested in the training were reluctant to sign up for it because of the uncertainty involved. HUD did not seem to understand the difficulty in getting large numbers of people in one location for training due to the large geographic area and sparse population in Montana.

Better results were achieved in January 2004 at a free training sponsored by the National Paint and Coatings Association (NPCA). This no-cost training program, which meets the HUD-EPA curriculum, is sponsored by the NPCA and is the result of a

cooperative agreement between the NPCA and the individual states. (For more information, go to <http://www.leadstettraining.org>.) MasiMax Resources, Inc. offered the *Joint EPA—HUD Curriculum: Lead Safety Training Program for Remodeling, Repair and Painting* course on January 29, 2004 in Helena. Approximately 30-35 people attended the course, including a number of contractors, from around Montana and North Dakota.

In-state LBP training will continue to be essential if HUD expects Montana to continue its commitment to meet federally imposed LBP regulations. Currently, the more populated areas of the state have trained workers in lead-safe work practices, qualifying them to work on rehab projects costing less than \$25,000. This will cover most of the single-family rehabilitation projects conducted with federal funds. Rural areas of the state, where rehabilitation is often the largest part of housing strategies, are beginning to address LBP regulations. However, many areas remain under-prepared to address lead-based paint hazards and such work remains a significant part of rehabilitation program budgets.

The state does have one accredited lead analysis laboratory, Northern Analytical Laboratories of Billings, which can perform analyses on paint chips, dust wipes, and soil. The state also has several individual contractors and a few companies certified to perform LBP activities within the state; however, coverage is spotty, and the construction industry and the persons involved in construction are constantly changing.

The MDOC has again partnered with the MSU Extension Service to expand LBP training opportunities. MDOC provided financial support for MSU staff to become accredited to provide EPA training for Inspectors and Risk Assessors. MDOC's hope is that underserved areas of the state will take advantage of this new, local resource to become EPA certified and/or to remain current in existing certifications.

The HOME Program presents information on the LBP regulations and lead-safe work practices at its grant administration and application workshops. The MDOC continues to promote lead based paint training whenever it becomes aware of training being offered in Montana.

The Butte Lead Projects

Butte Childhood Lead Poisoning Prevention Program (CLPPP): Butte continues to have a higher prevalence of elevated blood-lead levels in children when compared to other Montana counties. The Butte-Silver Bow Health Department receives SUPERFUND-related monies to operate a local CLPPP. Program activities include community education, blood-lead testing, soil removals, and lead hazard abatement for owner-occupied housing units.

According to 1990 U.S. Census of Housing data, the median year of construction of all housing units constructed in Silver Bow County is 1943. In comparison to the other most

populated counties, Missoula County has the next oldest median year at 1959, followed by Cascade (1960), Yellowstone (1970), Flathead (1972), and Gallatin (1972).

Butte HUD Lead Hazard Control Program (LHCP): In April 1998, the Butte-Silver Bow Health Department received a \$558,000 lead hazard control grant from HUD. This three-year grant expanded CLPPP activities to specifically address lead-based paint hazards in low-income rental housing. Past analysis has estimated that as many as 79 percent of the children involved in case-management for elevated-blood lead levels since the inception of the CLPPP live(d) in rental properties. The LHCP was awarded a second HUD grant in February 2001 for \$545,000, and activities under this grant began in April 2001. The program addressed lead hazards in low-income rental properties. One of the primary goals was to develop a pool of local contractors trained and certified to perform lead abatement activities.

The LHCP program works cooperatively with the local SUPERFUND-related CLPPP to prevent duplication of services.

East Helena Lead Program

The East Helena Lead Education and Abatement program is a multi-pathway lead poisoning prevention and lead risk abatement program. The program operates within the East Helena SUPERFUND site. Public education regarding lead poisoning prevention, lead risk management, and risk abatement are major program components. Childhood blood lead level screening and public education are program priorities.

The purpose of the program is to prevent or reduce elevated blood lead levels in children. Data collection relevant to long-term planning, protection of remediated yards and long-term management of lead risks are also program purposes. The program is part of a series of childhood blood lead studies and education programs dating back to 1975. The East Helena office stores soil lead level data collected by a local environmental firm and soil, dust, and water data collected during environmental assessments of private homes in the East Helena area performed by program staff.

Childhood blood lead levels in East Helena have been dropping for the last twenty years (Lewis and Clark City-County Health Department in-house studies). The drop can be related to many factors including the removal of lead from gasoline and paint, a reduction of aerial lead emissions from the Asarco smelter, which closed in April 2001, and the remediation of community facilities and residential properties.

I.F.5 ANTIPOVERTY STRATEGY

In Montana, the state's plan for the temporary assistance for needy families (TANF)⁶ serves as the primary anti-poverty strategy for families. The state of Montana operates

⁶ For more information, contact the Montana Department of Public Health and Human Services, Human and Community Services Division, or go to the website at:

Families Achieving Independence in Montana (FAIM) to provide temporary assistance for needy families. The FAIM Project serves all political subdivisions in the state. In Montana, three tribes, the Confederated Salish and Kootenai on the Flathead Reservation, the Fort Belknap Indian Community, and the Chippewa Cree at Rocky Boy's, have chosen to implement a tribal TANF plan. The TANF cash assistance program provides job readiness preparation, supportive services, and case management; vigorously pursues child support; and assists in the development of community resources as a means to help families reach self-support.

TANF cash assistance program participants are considered eligible for Medicaid coverage if they meet Medicaid eligibility requirements. Adults have Basic Medicaid coverage; minor children, pregnant women, and disabled individuals receive full Medicaid coverage as stated in the Montana Medicaid State Plan. Participants are also considered categorically eligible for Food Stamp Program benefits.

Services funded with TANF funds include:

- Cash assistance for the purchase of basic needs such as food, clothing, housing and personal care items;
- Work supports such as transportation, vehicle repair, and items that assist individuals in continuing employment or becoming employed; and
- Education and training, excluding tuition.

SECTION G - HOUSEHOLDS AND PERSONS ASSISTED

The state of Montana, excluding the entitlement areas of Great Falls, Billings, and Missoula, delivered housing services and programs to a significant number of households and individuals from April 1, 2004 through March 31, 2005. However, a comprehensive count of the number and types of households assisted with housing by the HOME and CDBG program during the plan year is difficult to obtain since the two programs have disparate tracking and reporting requirements in IDIS.

The Montana HOME program assisted an equal number of households in the areas of rental assistance and home ownership assistance. In total, 17 households were reported as receiving some type of rental assistance, either Tenant Based Rental Assistance (TBRA) or rental housing. One hundred thirty-four (134) received home ownership assistance, either rehabilitation for existing homeowners or down payment and closing cost assistance for homebuyers.⁷

Existing homeowners received rehabilitation assistance to bring their property up to decent, safe, and sanitary conditions. The HOME program reported 25 households assisted with some type of rehabilitation, with three (12 percent) of the households having an income at or below 30 percent of AMI. Additionally, 113 households, including 28 (25 percent) at 50 percent or less of AMI, were able to purchase their own homes after receiving down payment or closing cost assistance or both.⁸

The Montana CDBG program reported serving 33 households, with some type of housing assistance, including rental housing, homebuyer assistance, and homeowner rehabilitation for the period April 1, 2004 through March 31, 2005. All of the persons and households assisted during the plan year had incomes at or below 80 percent of area median, as required by regulation.

The MDOC Tenant Based Section 8 Housing Assistance Program reported that of the 3,971 households receiving assistance:

- 276 were identified as having an elderly head of household
- 1,014 were single-person households
- 1,363 were small, related, non-elderly households (2-4 people)
- 243 were large, related non-elderly households (5+ people)
- 2,894 households for which the income level was reported had incomes 50 percent or less of the area median
 - 2,307 of those households had incomes at 30 percent or less of the area median

(Note: The income level for some households was not available because the households came on the Section 8 program before income targeting was implemented.)

⁷ IDIS CO4PR23 report, Summary of Accomplishments, for program year 2004.

⁸ IDIS CO4PR23 report, Summary of Accomplishments, for program year 2004.

- 1,006 special needs households received Section 8 rental assistance
 - 800 of the special needs households had incomes at 30 percent or less of the area median

An accurate count of homeless households receiving assistance is difficult to obtain. Many shelters only count the number of meals served or the total number of shelter nights. This can result in families and individuals being counted several times based on how long they remain at a shelter. However, for the 2005 Homeless Population and Subpopulations Chart, the MT CoCC reported that on the evening of January 27, 2005, 295 homeless individuals received emergency shelter and another 133 received transitional housing. Fifty-eight homeless families with a total of 184 persons, mostly children, received emergency shelter. An additional 86 families totaling 255 persons were assisted with transitional housing.

Every attempt was made to avoid duplication of counts regarding the numbers given in the previous paragraphs and represents a good faith count of assisted persons during the program year. The state does not have specific goals for the delivery of housing programs and services to social and ethnic minorities and does not track assistance goals in this manner. However, the incidence of program support for minorities surpasses their respective share of the statewide population.

PART II - ASSESSMENT OF ANNUAL PERFORMANCE

SECTION A - EFFECTIVENESS OF STATE'S PERFORMANCE

II.A.1 STATE'S ONE-YEAR (2004-2005) PROGRAM OBJECTIVES

Housing

- A-1. Relieve the shortage of available housing stock;
- A-2. Increase the stock of affordable rental units, especially assisted units;
- A-3. Promote resources available to build affordable housing units;
- A-4. Increase ability of low- and moderate-income households to buy homes;
- A-5. Increase resources to finance housing maintenance and improvements;
- A-6. Simplify housing assistance programs;
- A-7. Increase energy efficiency in Montana's housing stock;
- A-8. Increase assisted living housing for the elderly and physically and mentally disabled;
- A-9. Increase group living and homeownership opportunities for persons with severe and disabling mental illness (SDMI) and other disabilities;
- A-10. Decrease housing environmental hazards, such as lead-based paint, asbestos, or black mold;
- A-11. Continue the ability of the MDOC to provide technical assistance;
- A-12. Increase awareness of housing needs for minority and "special needs" populations and assist in building local capacity to meet those needs;
- A-13. Increase the supply of affordable rental units and homes for purchase;
- A-14. Continue to encourage homeownership training at the local level;
- A-15. Increase awareness of and monitor the level of predatory lending practices;
- A-16. Affirmatively further fair housing: implement actions identified in the Analysis of Impediments to Fair Housing; and
- A-17. Evaluate applications from eligible participants based on the identified needs of the community, which may include a combination of job training or other welfare reform goals, along with housing goals.

Homelessness

- B-1. Secure available resources for persons requiring supportive and transitional services;
- B-2. Assist persons requiring supportive and transitional services to achieve permanent housing;

- B-3. Assist in meeting the supportive services needs for the homeless;
- B-4. Assist in securing stable funding sources for existing homeless facilities and services;
- B-5. Continue to support the statewide continuum of care strategy to ensure emergency, transitional, and permanent housing; and
- B-6. Establish Interagency Council on Homelessness for the State.

Economic Development

- C-1. Increase viable economic development projects that promote investment of private capital, expansion of local tax bases, and creation of permanent year-round jobs principally for low- and moderate-income Montanans;
- C-2. Increase economic activity which adds value to a product through manufacturing, refining, processing or packaging, especially those activities that involve Montana's natural resources;
- C-3. Increase economic activity which creates new wealth in Montana by selling the majority of its products outside of Montana, by effectively substituting goods previously produced outside of Montana with goods produced in Montana, or by distributing Montana-made goods;
- C-4. Increase service companies such as consulting, engineering, or other companies that sell their services predominantly (greater than 50 percent) outside of Montana;
- C-5. Allow local communities to identify their own needs and develop their own initiatives;
- C-6. Assist businesses and communities in achieving prosperity through various state and federal programs;
- C-7. Assist micro-enterprise development through technical assistance grant funding;
- C-8. Assist communities and small businesses participating in the state rural outreach program for Small Business Innovation Research/Small Business Technology Transfer Programs; and
- C-9. Place a high consideration on funding companies that create jobs that pay at least \$12.81 per hour in salary or salary plus benefits.

Infrastructure and Public Facilities

- D-1. Provide planning grants to identify overall community development and housing needs necessary to get a project under way, or to conduct other important community planning activities such as preparing or updating a comprehensive plan or growth policy, preparing a neighborhood redevelopment plan, preliminary

engineering or architectural report, capital improvement plan, or similar planning studies needed to help a community address critical needs.

D-2. Continue to provide technical assistance to communities; and

D-3. Fully award all CDBG public facility funds.

II.A.2 EFFECTIVENESS OF STATE'S PERFORMANCE IN MEETING ONE-YEAR PROGRAM OBJECTIVES

Housing

The Montana Departments of Commerce and Environmental Quality, the Montana Board of Housing, the Montana Building Industry Association, AIA Montana, and Fannie Mae joined forces to explore possible solutions to make starter homes more affordable. This effort began with a housing design competition, which involved all Montana architects and builders/designers. The goal of the competition was to create a plan book offering a variety of innovative solutions for building smaller homes that combine efficiency and affordability. All of the homes exhibit quality in design and construction so Montana families have easy access to high quality house plans at reasonable prices. Although this process took longer than what was originally anticipated, the award-winning book was published in early 2004 and promoted throughout the plan year ended March 31, 2005.

The MDOC continued the work of Housing Coordinating Team, which has helped the program staff to better understand each of the programs and how they work together, as well as areas where the programs do not work well together. The HCT, as an advisory group, has helped facilitate statewide coordination in delivery of housing services. The Uniform Application for Housing Programs continues to be improved and revised.

The Montana Census and Economic Information Center (CEIC) is available to assist organizations that wish to utilize CRA. The MDOC is working with more private lending institutions both in terms of CRA and in partnerships on projects using local, state, and federal funds. Private lending institutions are critical to the success of complex projects requiring multiple sources of funding.

The HOME program has certified 31 CHDOs, significantly increasing nonprofit housing development capacity within the state. Thirty-four percent, or \$1,680,393, of the HOME funds were awarded to four CHDOs for the plan year ended 2005. HOME funds support the Housing Objectives in a variety of ways. HOME grantees construct new affordable units to increase the housing stock. Grantees also offer down payment and closing cost assistance to increase the ability of low-income households to purchase homes and finance housing maintenance, improvements, and energy efficiency measures. HOME staff participates in application workshops and Consolidated Plan public meetings, to promote the program. Staff streamlined the application guidelines for the FFY05 HOME competition. FFY04 HOME funds were used to fund three projects, including two group

homes that will serve developmentally disabled or mentally ill adults. The HOME program requires recipients to complete homebuyer education prior to receiving down payment and closing cost assistance, and HOME funds paid for an MSU Extension employee to become certified to train lead-based paint risk assessors and inspectors.

The CDBG program supported 17 different housing projects across Montana during the plan year. These housing activities included three first-time homebuyer projects; two new construction projects; and 12 housing rehabilitation projects, including demolition of dilapidated housing structures no longer habitable. Like the other MDOC housing programs, CDBG staff participate in housing application workshops and Consolidated Plan meetings to promote the CDBG program.

Homelessness

The Montana Continuum of Care Coalition has created funding for 168 new permanent housing units with supportive services and 143 transitional housing units with supportive services for homeless individuals and families. The MT CoCC conducts the only statewide effort to identify “needs” through an annual homeless survey, updates an inventory of homeless resources every year and continues to bring homeless providers together from across the state to leverage and coordinate statewide efforts to maximize resources and eradicate homelessness.

Economic Development

The CDBG-ED Program met its projected goals for the development of economic activity in Montana in the following ways:

- C-1. For the program year, the CDBG-ED program expects to create 87 jobs, of which 75 will be held by LMI. Of those local governments awarded funding, there is over a 6:1 match of private and public funding.
- C-2. All business loans made during this past year went to manufacturing companies, and involved Montana’s natural resources; for example, Sun Mountain Lumber, Inc. is a saw mill that processes Montana wood products.
- C-3. All businesses assisted sell their products outside of Montana. For example, the Mission Mountain Market is a product processing center for Made-In-Montana food products that are marketed and sold both in and out of the state.
- C-4. All assisted businesses offer services to Montana and out of state clients. For example, Nurture, Inc. is a lab for the development of grain technology for multiple industries.
- C-5. Through CDBG-ED planning grants, 10 local governments received financing to further economic development initiatives; and 12 local governments received Resource Team Assessments through the Montana Economic Developers Association (MEDA), which will provide a road map for economic and community development, health, housing, workforce development, education, land use

planning, grant writing, financing, telecommunications, emergency management services, and strategic planning. Results of the assessments conducted around the state can be found on MEDA's website at:

<http://www.medamembers.org/resourceteams.php>

- C-6. Through the Business Resources Division, five Regional Development Officers worked within their designated territories to provide one-on-one financial counseling with local development organizations and small businesses, assisting with their financial and development needs and providing resources and information on various state and federal programs.
- C-7&8 The CDBG-ED program, through a Memorandum of Understanding, provided \$105,000 in technical assistance funding to the Small Business Development Center for its Micro-Business Development Program, and the Small Business Innovation Research/Small Business Technology Transfer Program to provide technical assistance activities for small business development.
- C-9. The CDBG-ED Program requires a minimum wage on all businesses receiving grant funding for employee training. Two of the six awards made included grant funding for employee training, and those employees that complete their training will be compensated at least \$12.81 per hour, including benefits.

Infrastructure and Public Facilities

In the area of infrastructure financing, the Community Development Division continued its participation in the W₂ASACT, facilitating coordination among all Montana federal, state, and nonprofit organizations involved in funding, regulating, and assisting community infrastructure. The CDD continued to utilize a Uniform Application for Public Facility Projects mutually developed and shared by W₂ASACT agencies.

In addition, the CDBG program met its projected goals for infrastructure and public facilities in Montana in the following ways:

- D-1. The CDBG program continues to provide planning grants to local governments annually to assist them to identify overall community development and housing needs necessary to get a project under way. The funds can also be used to conduct other community planning activities such as preparing or updating a comprehensive plan or growth policy, preparing a neighborhood redevelopment plan, preliminary engineering or architectural report, capital improvement plan, or similar planning studies needed to help a community address critical needs.
- D-2. The CDBG program also continues to provide technical assistance to communities. In addition to the significant technical assistance provided by the planning grants described above, CDBG program staff continually provides technical assistance to local governments developing local projects and provide technical assistance in the actual administration and implementation of CDBG-funded activities. Substantial assistance in the initial development of projects is provided by the sponsorship of grant application workshops held in conjunction

with the other W₂ASACT agencies and housing funding programs, in particular the HOME program.

- D-3. The CDBG program has also continually awarded all CDBG public facility funds as part of the annual grant competition.

II.A.3 STATE'S FIVE-YEAR (2000-2005) OBJECTIVES

Housing

As a state agency administering housing programs, MDOC does not prescribe to local governments and CHDOs the priority needs within their communities because the needs identified and prioritized at the state level may not retain a similar priority rating for implementation at local levels. All needs in Montana are great. The statewide priority need level of *medium* above represents only a general indication of needs throughout Montana.

Regardless of overwhelming demand for affordable housing, the state will implement programs and deliver services to in-need populations around Montana, in an attempt to continue a process that minimizes the State's housing problems. No single approach or unique priority fits all regions of Montana equally well. Nevertheless, MDOC is committed to moving forward with the following housing objectives and actions.

- **Objective:** Relieve the shortage of available housing stock.
 - **Proposed Action:** Utilize HOME funds to produce new housing stock, as requested by applicants each year. Estimate approximately 100 units of housing affected by HOME funds through new construction, rehabilitation, and acquisition.
- **Objective:** Increase the stock of affordable rental units, especially assisted units.
 - **Proposed Action:** Utilize HOME funds to rehabilitate existing and construct new rental housing. Estimate 25 new units and 30 rehabilitated units per year.
- **Objective:** Promote resources available to build affordable housing units.
 - **Proposed Action:** HOME participates in affordable housing application workshops each year. Continued participation is forecasted for the coming five-year period.
- **Objective:** Increase ability of low and moderate-income households to buy homes.
 - **Proposed Action:** Continue to make HOME funds available for homebuyer programs throughout the State. Estimate assisting 50 homebuyers each year with HOME funds.
- **Objective:** Increase resources to finance housing maintenance and improvements.

- **Proposed Action:** Continue to make HOME funding available for housing rehabilitation programs throughout the State. Estimate assisting with rehabilitation of 30 rental and 30 homeowner units per year.
- **Objective:** Simplify housing assistance programs.
 - **Proposed Action:** HOME staff actively participates in ongoing efforts to simplify and standardize housing program delivery in Montana. The Uniform Application is in use, and efforts during the coming five-year period will focus on standardizing environmental review processes and contents of grant administration manuals.
- **Objective:** Increase accessibility of Montana's housing stock.
 - **Proposed Action:** The HOME Program will continue to encourage HOME participants to invest and develop housing that is accessible.
- **Objective:** Increase energy efficiency in Montana's housing stock.
 - **Proposed Action:** The HOME Program will continue to fund projects that conform to federal and state energy efficiency standards.
- **Objective:** Decrease housing environmental hazards, such as lead-based paint or asbestos.
 - **Proposed Action:** The HOME Program will continue to abide by all applicable federal and state environmental laws.
- **Objective:** Allow local communities to identify their own needs and develop their own initiatives.
 - **Proposed Action:** The HOME Program will continue to utilize those application ranking processes that require the measurement and development of locally derived needs and initiatives.
- **Objective:** Continue ability of MDOC to provide technical assistance.
 - **Proposed Action:** The HOME Program will continue to utilize technical assistance providers to the fullest extent possible. Emphasis will continue in community needs assessment and project development.
- **Objective:** Increase the supply of affordable rental units and for-purchase homes.
 - **Proposed Action:** Utilize HOME funds to produce new housing stock, as requested by applicants each year. Estimate approximately 100 units of housing affected by HOME funds through new construction, rehabilitation, and acquisition.
- **Objective:** Affirmatively further fair housing: implement actions identified in the Analysis of Impediments to Fair Housing.

- **Proposed Action:** All future HOME grantees will be required to abide by fair housing laws, and take actions to provide housing services and programs free of discrimination.
- **Objective:** Evaluate applications from eligible participants based on identified needs of the community that may include a combination of job training or other welfare reform goals, along with housing goals.
 - **Proposed Action:** HOME application guidelines and ranking criteria will continue to measure the means and methods by which applicants incorporate job training or welfare reform goals in housing proposals.
- **Objective:** Ensure housing applications provide data supporting the market exists for the housing at the prices proposed.
 - **Proposed Action:** HOME application materials will continue to require applicable supporting data.

It is very important to understand that as a state entity, the Montana CDBG program does not establish housing project priorities for eligible local government jurisdictions. Historically, the program has sought to be responsive to housing and public facility needs determined at the local level. The State CDBG program's role has been to provide technical assistance, assist local governments in identifying their needs, and provide critical financial resources to assist local governments in meeting those needs.

Based upon analysis of our accomplishments during the past three years, we propose the following accomplishments for the housing and community revitalization categories:

Housing & Community Revitalization	Annual Projects Funded	Annual Housing Units Assisted	5-Year Projection (2000-2005)	
			Projects Funded	Housing Units Assisted
Rehabilitation	2	20	10	100
New Construction	2	20	10	100
TOTAL	4	40	20	200

It is important to note that CDBG funding has been largely static for the last 10 years. Funding clearly has not kept pace with inflation. A study conducted by the Montana CDBG program in January 1999 revealed that there has been a 53 percent decline in the purchasing power of CDBG dollars since 1979 due to the effects of inflation.

As a final note, in regards to proposed accomplishments for the next five years, the CDBG program proposes to continue to provide capacity building training and other technical assistance to local governments. This training relates to general community planning, capital improvement planning, provision of affordable housing, fair housing education, and environmental compliance. CDBG incorporates the training as part of grant application workshops, grant administration workshops, and specific training and education programs carried out in cooperation with the HOME program, Montana HUD

office, and all other housing programs of the Housing Division of the Montana Department of Commerce.

With these objectives and actions in mind, MDOC through the Consolidated Plan anticipates supporting eligible programs that address housing needs throughout the state.

Homelessness

For years, a statewide Continuum of Care has been implemented. Montana encourages and supports the coordination of public and assisted housing providers and private and governmental health, mental health and services agencies that participate and prepared the Montana Continuum of Care.

Breaking the long-term cycle of homelessness, tempered by short-term shelter, cannot be accomplished by building more shelters or facilities alone. Real help is enabling the homeless to rely on themselves. Besides a lack of shelter, homelessness involves a variety of unmet physical, economic, and social needs. A comprehensive, coordinated system of homeless assistance is comprised of a wide array of services, tools, and opportunities for the homeless. Homeless services will include a prevention strategy and help the homeless in stages—to take them from an emergency shelter situation to permanent housing.

The first stage involves emergency shelters. Here the homeless are provided with immediate shelter and assessed in order to identify an individual's or family's needs. The second stage offers transitional housing and necessary social services. Included in these services are mental health and substance abuse counseling, vocational rehabilitation, education, family support, child care, independent living skills training, job training, and placement, and employment opportunities where the homeless can both acquire and put to use new work skills. The final stage is permanent housing or permanent supportive housing arrangements.

The following objectives and actions reflect the commitment to assist the homeless population through the three stages.

- **Objective:** Secure available resources for persons requiring supportive and transitional services.
 - **Proposed Action:** For each of the next five fiscal years, submit applications for funding for the above at no less than \$500,000 per year.
- **Objective:** Assist persons requiring supportive and transitional services to achieve permanent housing;
 - **Proposed Action:** For each of the next five fiscal years, work with no less than 50 people per year to secure same.

- **Objective:** Assist in meeting the supportive services needs for the homeless;
 - **Proposed Action:** For each of the next five fiscal years, work with no less than 5 supportive service providers in each CoC community to deliver supportive services to 50 homeless people in need of such service.
- **Objective:** Assist in increasing capacity and counseling services for runaway youth;
 - **Proposed Action:** For each of the next five fiscal years, all CoC applicants will be encouraged to meet with appropriate youth and probation officers, social service, providers and representatives of religious and charitable organizations to begin dialogues on extent and nature of runaway youth problems in their areas. Each applicant will be asked to work on developing a local solution to this problem.
- **Objective:** Assist in securing stable funding sources for existing homeless facilities and services;
 - **Proposed Action:** All CoC applicants will be encouraged to meet with local homeless shelters to prepare long-range plans to ensure stable funding. Such plans may be forwarded to appropriate state and federal officials for funding as well as non-governmental funding sources.
- **Objective:** Continue to support statewide continuum of care strategy to ensure emergency, transitional, and permanent housing.
 - **Proposed Action:** A recent RFP was developed to do that. A contract has been awarded to a firm to ensure that the CoC continues to expand and develop.

Economic Development

Given the limited available resources, the CDBG Economic Development Program commits to the following objectives for economic development in an effort to improve Montana's economy and capitalize on its strengths:

- **Objective:** Encourage viable economic development projects that promote "investment" of private capital, expansion of local tax bases, and creation of permanent, year-round jobs principally for low and moderate-income Montanans.
- **Objective:** Encourage economic activity that adds value to a product through manufacturing, refining, processing, or packaging, especially those activities that involve Montana's natural resources.
- **Objective:** Encourage economic activity which creates new wealth in Montana by selling the majority of its products outside of Montana, by effectively substituting goods previously produced outside of Montana with goods produced in Montana, or by distributing Montana-made goods.

➤ **Objective:** Encourage service companies such as consulting, engineering, or other companies that sell their services predominantly (greater than 50%) outside of Montana.

- **Proposed Actions:** These are state program objectives for economic development that the Montana Department of Commerce (MDOC) loan review committee considers when making funding decisions. Applicants to the MDOC CDBG-ED program are required to explain how their project meets one or more of these state objectives. These objectives guide funding decisions made under the CDBG-ED Program and the Economic Development Division's financing programs. These objectives are a result of the Economic Development Division's Jobs and Income Strategy that was approved by the Governor and 1999 Legislature. The loan review committee, comprised of nine members, considers the type and mix of projects being funded during the program year to meet these objectives. The committee expects to fund more high-technology businesses and manufacturing operations, especially for adding value to agricultural products, over the next five years based on the current demand and the Division's preference for funding these types of projects.

For Program Year 1999, 11 loans to businesses were made. Of these, 27% were for agricultural manufacturing companies that add value; for 1998, it was 10%. In 1999, 27% of the funded projects were high technology firms that promote investment of private capital and expand the local tax base; for 1998, it was 20%. The other large category of projects funded for 1998 and 1999 were for service and retail, such as a medical clinic, a small-town grocery store, a historic hotel, and a community services center. The percentage of manufacturing companies funded in 1999 is 27%, and 40% for 1998. We expect those percentages to continue and probably increase each year over the next five years.

Jobs proposed to be created for Program Year 1999 are 353, with 220 proposed to be created for LMI households. Jobs proposed to be created for 1998 were 135, 111 of which were for LMI. Based on the average over the past five years from program year 1994 through program year 1998, we expect on average 270 jobs to be created, with 172 jobs for LMI persons. Conservatively estimated, we expect to create that many jobs each year over the next five years.

➤ **Objective:** Continue to expend the annual CDBG-ED allocation and access other sources of funds for maximum financial leverage.

- **Proposed Action:** The CDBG-ED program receives approximately \$2.5 million per year, of which approximately \$2.3 million has been made available as loans to businesses in program years 1998 and 1999. The Regional Development Officers (RDO) meet with companies in the field to assist with a company's financing options. The CDBG-ED program keeps an ongoing list of companies that RDOs are working with that intend to submit an application for CDBG funding. At any point in time, there is generally over \$2 million in funding requests waiting to be funded with CDBG or EDA/CDBG RLF funds. For program years 1998 and 1999, Montana had obligated just short of 100% of its funds three

months before the end of the program year. Once projects are awarded funds, the CDBG-ED program monitors monthly the percentage expended of total funds available to loan to businesses. The amount expended for program year 1998 is 85%. We anticipate the amount expended by the end of a program year, prior to the present program year, to be 85% of the total awarded. We expect to continue that percentage each year over the next five years.

The leverage of other private, state, and federal funds for program year 1998 and 1999 is more than 4:1 of other funds to CDBG funds. Most often, CDBG funds are leveraged with federal programs such as Rural Development, SBA, and EDA, or state programs such as Growth Through Agriculture or the Montana MicroBusiness Finance Program. Based on historical data over the last five years, the leverage has been more than 4:1, and we anticipate that ratio to continue each year over the next five years.

- **Objective:** Allow local communities to identify their own needs and develop their own initiatives.
- **Objective:** Assist businesses and communities in achieving prosperity through various state and federal programs.
- **Objective:** Continue to provide technical assistance to economic development practitioners, local government officials, business owners, and others interested in or involved with economic development.
 - **Proposed Action:** MDOC EDD provides the tools to assist communities and businesses help themselves through various state and federal technical assistance and financing programs, and by meeting one-on-one with organizations and business owners. We expect that trend to continue over the next five years. The Economic Development Division is in the process of developing a database which easily tracks the contacts and technical assistance provided by the RDOs.
- **Objective:** Continue to explore the HUD Section 108 Loan Guarantee Program to redevelop brownfields.
 - **Proposed Action:** HUD Section 108 Loan Guarantee Program - After more than a year of research and a Brownfields Conference held at Fairmont Hot Springs in October 1999, the state is offering the HUD Section 108 Loan Guarantee Program as an eligible funding source in the Year 2000 Program Guidelines, beginning program year April 1, 2000.

Infrastructure and Public Facilities

Montana is faced with a difficult battle to solve the large and looming infrastructure problems within its boundaries. An analysis and inventory of infrastructure needs of local governments conducted in 1995 and 1996 showed an estimated \$1.6 billion dollars required to perform major improvements or construction. In a large state with a small population, the per capita cost of constructing and maintaining infrastructure

systems is extremely high. Conversely, resources to address the problem are very limited.

In the public facility category, CDBG funds have been used to upgrade or undertake the new construction of dozens of community water and sewer projects and other public facilities. During the last several years, communities have also utilized the CDBG program to construct or rehabilitate senior citizen centers, centers for abused or runaway youth, and public nursing home facilities.

With very limited resources MDOC through the Consolidated Plan commits to the following objectives for infrastructure and public facilities:

- **Objective:** Examine results of the last infrastructure inventory and analysis.
- **Objective:** Identify available level of resources necessary to address these needs over the next biennium.
- **Objective:** Continue to promote interagency efforts to streamline the local government application process and coordinate assistance activities through the Water, Wastewater, and Solid Waste Action Coordination Team (W₂ASACT).
- **Objective:** Continue to provide technical assistance to communities.
- **Objective:** Fully award all CDBG public facility funds.

It is very important to understand that as a state entity, the Montana CDBG program does not establish public facility project priorities for eligible local government jurisdictions. Historically, the program has sought to be responsive to public facility needs determined at the local level. The State CDBG program's role has been to provide technical assistance, assist local governments in identifying their needs, and provide critical financial resources to assist local governments in meeting those needs.

Based upon analysis of our accomplishments during the past three years, we propose the following accomplishments for the Public Facility category:

Public Facilities	Annual Projects Funded	5-Year <u>Projection</u> (2000-2005) Projects Funded
Water Systems	2	10
Wastewater Systems	3	15
Other Public Facilities*	1	5
TOTAL	6	30

* Other Public Facilities: Homeless shelters, fire halls, nursing homes, senior citizen centers, head start centers, and other similar public facilities designed for use predominantly by low- and moderate-income persons

It is also important to note that CDBG funding has been largely static for over the last 10 years. Funding clearly has not kept pace with inflation. A study conducted by the Montana CDBG program this past January (1999) revealed that there has been a 53

percent decline in the purchasing power of CDBG dollars since 1979 due to the effects of inflation.

As a final note, in regards to proposed accomplishments for the next five years, the CDBG program proposes to continue to provide capacity building training and other technical assistance to local governments. This training relates to general community planning, capital improvement planning, provision of affordable housing, fair housing education, and environmental compliance. CDBG incorporates the training as part of grant application workshops, grant administration workshops, and specific training and education programs carried out in cooperation with the HOME program, Montana HUD office, and all other housing programs of the Housing Division of the Montana Department of Commerce.

II.A.4 EFFECTIVENESS OF STATE'S PERFORMANCE IN MEETING FIVE-YEAR OBJECTIVES

Housing

The MBOH Multifamily Programs funded 52 applications for 1,472 housing units across the state. Four tribes, the Salish and Kootenai, Fort Belknap, Blackfeet and Chippewa Cree, received funding. The Chippewa Cree did return the credits; however, MBOH staff continues to work with them for future projects.

In order to promote resources available to build affordable housing units, the MDOC sponsored application workshops as follows:

Missoula	April 18-19, 2000	Billings	May 9-10, 2000
Wolf Point	May 15-16, 2000	Kalispell	May 2, 2001
Bozeman	May 8, 2001	Glasgow	May 22, 2001
Hamilton	April 16-17, 2002	Havre	April 24-25, 2002
Miles City	May 7-8, 2002	Great Falls	January 7-8, 2003
Billings	September 16, 2003	Butte	September 18, 2003
Miles City	October 13, 2004	Lewistown	October 19, 2004
Missoula	October 21, 2004		

In addition, the HOME and CDBG Programs have been active participants in state wide housing conferences held in Billings, October 2002, and in Butte, September 2004, both of which attracted national speakers and hundreds of participants from around the state.

HOME staff has annually revised the HOME Program Application Guidelines with the intent of simplifying and standardizing housing program delivery in Montana. HOME application guidelines have been reduced, requiring only the most essential information at time of application. The required information allows staff to make difficult underwriting decisions while trying not be too burdensome to applicants.

The HOME program encourages participants to invest in and develop housing that is accessible. HOME staff regularly attends annual Fair Housing training, and they attended accessibility training in March 2005. All HOME-sponsored multi-family properties must meet or exceed Section 504 requirements. HOME-sponsored rehabilitation activities frequently are undertaken to improve accessibility of both single and multi-family properties.

The MDOC has coordinated efforts with the Montana Department of Environmental Quality to increase energy efficiency in Montana's housing stock. The MDEQ has worked with HOME grantees to undertake commissioning studies of heating/venting/air conditioning systems. These studies help to ensure that HVAC systems are efficiently designed, with proper maintenance programs put in place. The MDEQ plans to continue its outreach to developers and to new or renovated multi-family housing through increased education of property managers and their maintenance staffs.

The MDOC has continued its work to decrease housing environmental hazards. The HOME program funded training for Montana State University Extension services staff to become trained and certified to deliver EPA-certified training for LBP Risk Assessors, Inspectors, and Supervisors. The HOME and CDBG programs ensure grantees comply with LBP notification to participants, LBP worker and supervisor requirements, and LBP testing and clearance requirements. MDOC promotes any LBP training that is held in Montana. The MDOC has not detected a significant drop in rehabilitation activities, as was feared at the beginning of this 5-year cycle.

The MDOC housing programs allow individual communities to identify their own needs and develop their own initiatives. Housing programs are consistent with the state's Consolidated Plan, but in a state with diverse housing needs, all application guidelines request an explanation of the need a specific project is fulfilling, rather than dictating what type of project should receive funding in a given year.

The HOME program has continued to utilize its HUD-sponsored technical assistance (TA) providers to support both HOME staff and potential applicants. TA providers have presented information at workshops, worked with staff to improve internal processes, and worked with individual applicants, CHDOs and local governments to analyze financial statements, suggest funding sources, and develop applications. In addition, HOME staff has spent time with applicants to conduct community assessments and develop housing programs. After each ranking cycle, HOME staff provides narratives to applicants, which review the strengths and weaknesses of the applicant's response to each criteria.

All HOME grantees are required to have Affirmative Marketing Plans in place as part of their Management Plans, which must be approved by the HOME Program prior to funds being released. The Affirmative Marketing Plan outlines a grantee's procedure for outreach to underserved populations; the action the grantee will undertake to ensure all facilities and programs are accessible; how the grantee will ensure all advertising contains proper fair housing language and/or logos, and the procedure the grantee will

follow to ensure fair housing complaints are properly addressed. HOME programs have not been involved with fair housing complaints in the past five years.

HOME Application Guidelines, and the ranking criteria outlined in them, have been based on identified needs of the community rather than on any policy set by the MDOC. In addition, the application guidelines require applicants to provide data supporting the market exists for the housing proposed in any application. The market analysis differs, depending on the type of project, i.e., new construction of multi-family projects requires a more formal market study than rehabilitation of an existing, fully-occupied facility. Guidance is provided to applicants regarding the expectations for the market analysis.

The chart below illustrates actual performance for the five-year period 2000 through 2005 within the CDBG housing category.

Housing & Community Revitalization	5-Year <u>Projection</u>		5-Year <u>Actual</u>*	
	Projects Funded	Housing Units Assisted	Projects Funded	Housing Units Assisted*
Rehabilitation	10	100	10	114
New Construction	10	100	4	32
First-Time Homebuyer	0	0	4	20
Total	20	200	18	166

*Through March 2005.

Homelessness

The state established the Montana Council on Homelessness by Executive Order in June 2004. The MCH has undergone a strategic planning process since June 2004, through which five workgroups have been named to begin creating strategies to address specific issues that play into homelessness including: housing; access to and delivery of mainstream services; special needs populations (including substance abuse, mental illness and other disabilities); finance and resource development; and education, employment, and training.

Economic Development

The CDBG-ED program met its five-year goals in the following ways:

- All business loans and grants made during the last five years were for year-round jobs, with over 1,769 jobs proposed to be created or retained within this period, of which 1,122 (63%) would be made available to or held by qualified low- and moderate-income persons.
- Based on the past five years, CDBG-ED funds have leveraged over 11 times the amount available for awards. The Commerce Loan Fund leveraged almost 12 times the amount of available funding. On average, over the last five years, \$13,186,587

million of CDBG-ED funds were leveraged with \$150,072,285 million in other funds from public and private sources.

- Thirty-five (35) business loans were awarded to Montana businesses, which provide products and services to clients in and outside the state. Some, such as Nurture, Inc. provide services to a variety of markets.
- The CDBG-ED program awarded over \$580,000 to local governments for technical assistance activities related to community planning and economic development initiatives. In 2003 and 2004, the program contracted with the Montana Economic Developers Association to conduct 24 Resource Team Assessments in 24 different communities to assist with the development of local community and economic development goals.
- Through the Business Resources Division, five Regional Development Officers worked within their designated territories, providing one-on-one financial counseling with local development organizations and small businesses assisting with their financial and development needs and providing resources and information on various state and federal programs.
- The CDBG-ED staff provided technical assistance to organizations, business owners, and local development organizations on a daily basis. The program developed several project tracking mechanisms to document project accomplishments and to identify areas where additional technical assistance may be needed.
- The Section 108 Loan Guarantee Program is noted in each current program application guidelines as an eligible source of funding for economic development projects, although the program has yet to be accessed.

Infrastructure and Public Facilities

The CDBG Public Facilities program met its five-year goals in the following ways:

- Examine results of the last infrastructure inventory and analysis: The CDBG program now receives annual reports on the needs of Montana community water and wastewater systems through priority action plans prepared and maintained by the MDEQ.
- Identify available level of resources necessary to address these needs over the next biennium: In cooperation with the W2ASACT agencies, the CDBG program is continually involved with seeking additional funding sources to assist local governments meet their infrastructure and public facility needs. Within the last few years, State and Tribal Assistance Grants (STAG) administered by the MDEQ have come to play an increasingly important role to supplement grant sources from CDBG, TSEP, and USDA Rural Development.

- Continue to promote interagency efforts to streamline the local government application process and coordinate assistance activities through W₂ASACT: The CDBG program is very involved in ongoing interagency efforts to streamline the local government application process and coordinate assistance activities through W₂ASACT. Recently a set of common construction contract supplemental clauses has been developed and adopted by the W₂ASACT agencies. In addition, work is on-going in regards to streamlining environmental review procedures.
- Continue to provide technical assistance to communities: CDBG continually provides strong technical assistance to communities through the award of technical assistance grants directly to local governments and through on-going technical assistance in the initial stages of local project development, as well as during project implementation after CDBG awards have been made.
- Fully award all CDBG public facility funds: CDBG has consistently awarded funds received from HUD through annual grant competitions.

The chart below illustrates actual performance during the five-year period, 2000 to 2005, within the CDBG public facilities category.

Public Facilities	5-Year <u>Projection</u> (2000-2005)	5-Year <u>Actual</u> (2000-2005) Projects Funded
Water Systems	10	12
Wastewater Systems	15	29
Other Public Facilities*	5	14
TOTAL	30	55

*Through March, 2005.

SECTION B - PROPOSED ACTIONS RESULTING FROM ASSESSMENT OF ANNUAL PERFORMANCE

One of the best ways to facilitate the development of housing is through education and technical assistance. Many people perceive the array of housing programs and regulations as too complex or too foreign to master. The MDOC is determined to expand its role in providing technical assistance to local jurisdictions to explore and accurately determine the degree and type of local needs and educate people on the programs available. This will help more groups qualify for housing programs and help them better understand the requirements of those programs.

The **HOME Program** has committed to analyze its competitive grant allocation process to ensure that it meets the strategic needs of the MDOC to disburse scarce funds throughout the state for a variety of activities. At the same time, the allocation process needs to be equitable to all communities and as straightforward as possible so that every community has equal access to the program.

The role of the state will expand concerning the provision and interpretation of information that assists localities in determining and quantifying their housing needs, problems, and alternative solutions to those problems. The MDOC intends to expand educational outreach activities so that additional information and education is provided concerning fair housing, as well as landlord and tenant rights and obligations.

Because of the continual turnover of officials and staff of local governments and nonprofit community organizations, technical assistance and training are long-term recurring needs. The **Community Development Division** will continue to provide financial support, training, and technical assistance to Montana counties and municipalities, local elected officials and staff, nonprofit organizations, private sector developers, consultants, and private citizens. Other entities needing assistance and support include local government planning boards and planning departments, community development corporations, human resource agencies, county water and sewer districts, rural fire departments, and housing authorities.

Financial and technical assistance provided involves housing and public facilities project planning, financing, and management; community needs assessment, planning, and growth management; and mitigation of impacts associated with the growth or decline of coal and hard rock mining development.

The CDD will continue to coordinate its technical assistance efforts with the regional workshops conducted by the interagency W₂ASACT and the Housing Coordinating Team in order to achieve maximum efficiency and effectiveness.

The **Business Resources Division** will continue to provide support and technical assistance to local jurisdictions and revolving loan fund managers with loan documentation, financial analysis, and project administration. The BRD's economic development programs, especially the Small Business Development subcenters, the

MicroBusiness Development Corporation network, the Regional Development Program, and the CDBG-ED program, continue to cooperate in coordinating and sharing resources that are beneficial to assisting local governments and businesses across the state.

According to Jim Nolan, ESG program manager, "The **ESG** has functioned well since its inception. Funds are made available to local community based groups who utilize local planning processes to involve homeless providers in the most practicable strategy for individual communities. The only thing limiting ESG from being more successful is the extremely limited amount of funds we receive from HUD."

Members of Montana's **Continuum of Care Coalition** have a commitment to working with various segments of the homeless population. One of those segments that has proven to be the most intractable is the chronically homeless; those who have been continuously homeless for a year or more or have had four episodes of homelessness in the past three years. Although the problem of chronic homelessness may not be as acute in Montana as in more urban areas, it remains a stubborn obstacle to eradicating homelessness. The federal government agrees. The departments of Veterans Affairs, Health and Human Services, and HUD have instituted a number of academies designed to bring decision-makers from local, state and federal agencies and organizations together to work on a concerted effort to address chronic homelessness.

Montana applied for participation in one of these academies, "Policy Academy for State and Local Policymakers on Improving Access to Mainstream Services for People Experiencing Chronic Homeless," and was accepted. A team consisting of representatives from the Governor's office, the Legislature, state agencies, local advocates, and the Montana Continuum of Care Coalition attended a comprehensive learning and planning session this spring to develop this plan. One of the major components of this effort was to ensure that the chronically homeless have access to mainstream social services and that local homeless providers can coordinate these services as they apply to HUD for homeless assistance funding.

As result of the Policy Academy, Governor Judy Martz announced an initiative to combat homelessness in Montana. On May 7, 2004, she established the Montana Council on Homelessness and released the report, *Homeless in Montana*, which can be accessed at:

<http://www.dphhs.mt.gov/homelessinmontana.pdf>

According to the report, trends over the past few years have shown a consistent increase in the number of homeless people in Montana. In April 2003, interviewers identified 2,823 homeless Montanans during the point-in-time Survey of the Homeless.

Reasons for homelessness include mental illness, substance abuse, domestic abuse, and co-occurring disorders. A third of Montana's homeless have less than a high school education. Extreme poverty, a general lack of low-income housing, and the cost of rent are also common reasons for homelessness.

As a result of the Montana Policy Academy and in response to the growing problem of homelessness in Montana, then-Governor Judy Martz issued an Executive Order in June 2004, establishing the **Montana Council on Homelessness** (MCH). The MCH was structured to establish vital links among the efforts and resources of state and federal agencies, communities, tribes, nonprofits, and others. The MCH is charged with developing a 10-year plan to eradicate chronic homelessness in Montana and with addressing this multi-faceted issue through policy, protocols, recommendations for legislation and the creative use of new and existing resources. For more information on the MCH, go to:

<http://sherriedowning.com/consulting/CouncilonHomelessness.html>

The needs of the homeless cross many service system boundaries, beginning with the most basic human needs. The MCH will examine solutions to the root causes of homelessness through fundamental changes in state policy, including treatment availability for substance abuse and mental illness, preventing child abuse, and assisting victims of domestic abuse. The MCH will also complete an inventory of state program discharge policies and practices and use that information to help initiate best practice models. In addition, the MCH will convene the Native American Council on Homelessness Subcommittee charged with focusing exclusively on the specific needs of American Indian populations, both on and off reservations.

II.B.1 TECHNICAL ASSISTANCE

Montana updated the three-volume *Economic and Demographic Analysis* during the plan year. Prepared by the Center for Applied Economic Research at Montana State University-Billings, the purpose of the *Economic and Demographic Analysis of Montana* is to provide current data and analysis for two primary uses: first, for the MDOC in preparing Montana's Consolidated Plan; and second, for communities and other organizations that apply for federal funds from the HOME and CDBG programs for housing projects, public facilities, and economic development activities. This data may also be useful to other entities in need of statewide or county level analysis of economic (Volume I-Economic Profile), demographic (Volume II, Demographic Analysis and, Volume II Appendix, Disability Data), and housing trends (Volume III-Housing Profile).

Using data from NPA Data Services, Inc., the *Economic and Demographic Databook* looks at six areas of interest for each county in Montana, including: historic and forecast population; historic and forecast earned and unearned income; historic and forecast earnings by industry; total population by age cohorts, male population by age cohorts; and female population by age cohorts.

The purpose of the *Montana Housing Condition Study* is to evaluate the current housing stock in the state. The detailed data presented on the current housing stock will help the state and community organizations better understand what types of housing are available for rent and for purchase, and assist them in determining the housing needs of Montana citizens. Data regarding the physical characteristics and residential

improvements of all residential property was extracted from the Computer Assisted Mass Appraisal System (CAMAS) database maintained by the Montana Department of Revenue.

In order to assess more accurately the effectiveness of the housing programs administered by the MDOC, an assessment of the overall economic benefits is presented in the *Economic Benefits of Montana Department of Commerce Housing Programs*. Through economic modeling, the report shows how MDOC housing programs provide visible benefits to communities throughout the state in funding rehabilitation and new construction of low-income and senior housing. During the construction phases, people within the community are aware of the direct economic impacts in terms of construction jobs and spending. What they are less aware of is the ripple effect that the expenditures have within their communities and the number of businesses and jobs that are supported. Less visible still is the amount of economic activity supported by low-income housing assistance. The increased consumer spending that results from the rental assistance benefits a wide variety of businesses throughout the community.

The *Montana Housing Needs Assessment* quantifies the state's estimated housing needs from 2006-2010 and establishes priorities for these needs. First, a household forecast is presented for 2006-2010. Second, a housing needs survey was undertaken to better gauge housing needs throughout the state. The combination of the household forecast and housing needs survey are the basis for the state's housing needs assessment and determination of the priorities to meet these needs.

The following documents and studies have been prepared or updated in support of the Consolidated Plan and other programs and are used in the planning process:

- *Economic and Demographic Analysis of Montana* - Volumes I, II, III 2005/2004
- *Economic and Demographic Databook* 2005
- *Economic Benefits of MDOC Housing Programs*^{*} 2005
- *Montana Housing Condition Study*^{*} 2005
- *Montana Housing Needs Assessment* 2005
- *Montana Housing Resource Directory* 2005
- *2003 Price of Housing Study in Montana*^{*} 2004
- *Analysis of Impediments to Fair Housing and Housing Choice*^{*} 2004
- *Capital Improvements Planning Manual*^{**} 2004
- *Homeless in Montana: a Report*^{***} 2004
- *Survey of Water, Wastewater, and Solid Waste Facility Rates in Montana*^{**} 2003
- *Location of Growth in Montana*^{**} 2002
- *County Bridge and Road Capital Improvement Planning and Financing Manual*^{**} 2001

- *Planning & Financing Community Water & Sewer Systems in Montana*** 1997
- *Inventory of Water and Wastewater Needs for Unincorporated and Non-District Areas in the State of Montana*** 1996
- *A Handbook: Capital Facilities Scheduling & Financing*** 1995
- *Inventory of Infrastructure Needs*** 1995

* Contact the MDOC, Housing Division, at (406) 841-2820 for information on these and other publications or access the documents through the Housing Division website at:

<http://housing.mt.gov/>

** Contact the MDOC, Community Development Division, at (406) 841-2791 for information on these publications.

*** Contact the MDPHHS, Human & Community Services Division at (406) 444-4260 for this publication or access it through the following website:

<http://sherriedowning.com/consulting/CouncilonHomelessness.html>

The Rural Community Assistance Corporation (RCAC) and Rural Collaborative were not as active during the year ended March 31, 2005 as they have been in the past. RCAC staff worked with a CHDO on strategic planning issues. In the past, the participation in workshops by the technical assistance providers has been invaluable to the HOME program and the continued viability of successful HOME projects. They have brought specialized knowledge and broad housing experience to the state. The HOME Program looks forward to working more closely with its TA providers in the coming year.

In cooperation with the MDOC's Census and Economic Information Center (CEIC), the CDBG program recently initiated a project to map low- and moderate-income areas within Montana counties based upon information developed by HUD from the 2000 Census. This information will be of great value to local governments as they identify areas within their jurisdictions where special financial needs exist among lower income residents for infrastructure improvements, affordable housing, economic development, and provision of all types of related public services.

For each county, the percent LMI figures (based upon percent of low- and moderate-income persons as determined by HUD) will be mapped for all Census Designated Places (CDPs), incorporated cities and towns, and remainder areas. The detailed spreadsheet that will accompany the LMI map contains LMI percentages for each incorporated City or Town, CDP, and Remainder Areas by Census Block Group. This effort has been initiated using Lake County as a model, to be followed by Lewis and Clark County and consolidated Butte-Silver Bow County.

The MDOC also continued to administer a technical assistance planning grant program funded by CDBG monies used to assist communities with housing, public facility, and economic development activities. During the plan year ended March 31, 2005, the

CDBG Housing and Public Facilities Program funded 14 technical assistance matching grants for a total of \$200,000.

The CDBG-ED program set aside \$95,000 for technical assistance grants. This set aside was available to local governments for planning activities, which resulted in 10 new technical assistance contracts. The Small Business Development Center received \$105,000 for technical assistance activities in support of outreach, counseling, training, and technical assistance to small businesses.

The CDBG-ED program and CDBG Housing and Public Facilities programs each provided \$25,000 to MEDA to provide technical assistance to Montana communities through Resource Team Assessments in Montana communities. As a part of this process, MEDA assembles a team of community and economic development professionals who cooperatively work with the community members who have an opportunity to share with the Resource Team Members the challenges, strengths and personal goals of their community. This allows the community to develop its own goals and initiatives for community development. Technical assistance through MEDA does not end with the assessment; there are ongoing follow-up visits to help the communities follow through with their identified goals.

The CDBG-ED program staff provides ongoing technical assistance to 48 CDBG-funded revolving loan funds across the state. The MDOC encourages local governments to contract with a regional development organization that has been qualified as a Certified Regional Development Organization. The CRDC program has twelve designated CRDCs across Montana that provide revolving loan fund management, and technical assistance to small businesses.

Regional Development Officers from the Business Resources Division will continue to provide one-on-one technical assistance to local governments and small businesses for economic development financing, and access to state and federal financing programs.

II.B.2 REFINEMENT OF INSTITUTIONAL STRUCTURES

The MDOC prepared the Five-Year Consolidated Plan for 2005 through 2010 and the Annual Action Plan for the plan year ending March 31, 2006. The MDOC continued its ongoing effort to make the planning process and resulting documents more user-friendly, readable, and concise. The final document and many supporting documents are available on the Internet for interested parties to read and download:

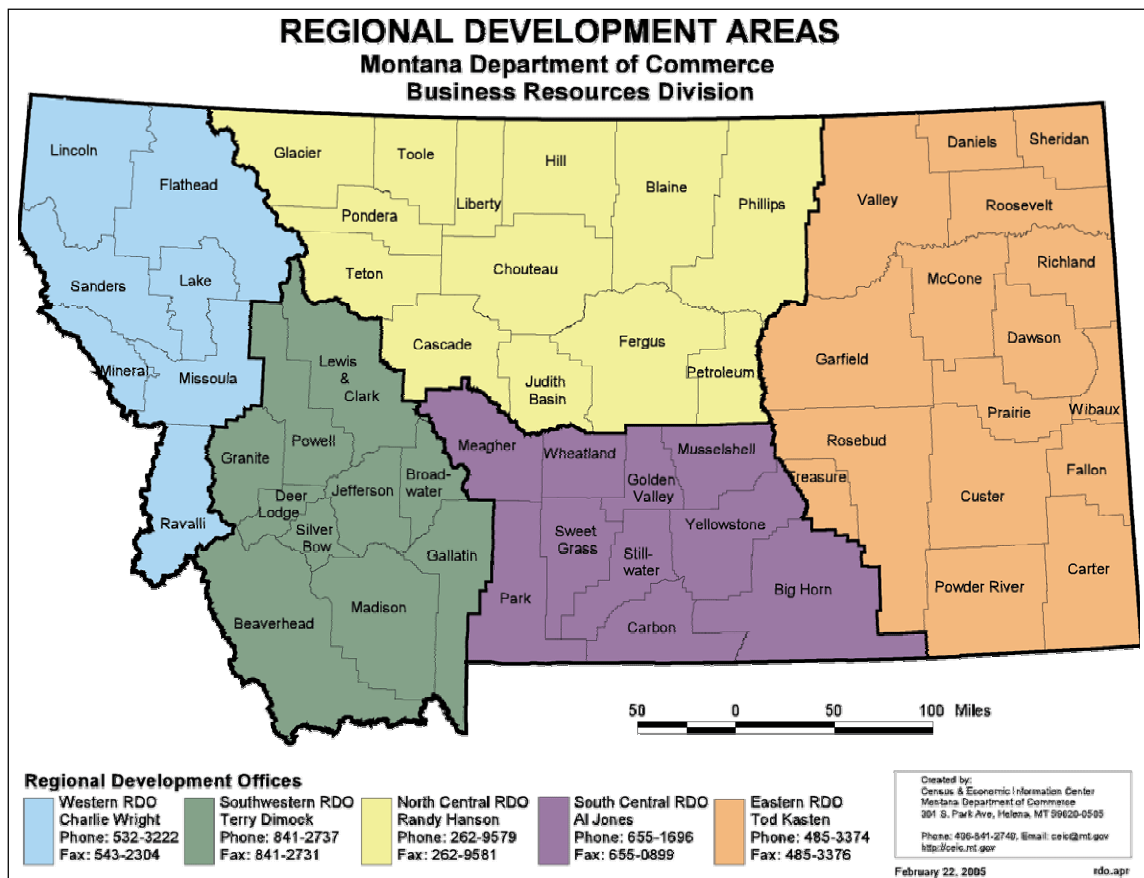
http://housing.mt.gov/Hous_CP_Apps.asp

The MDOC, through the Housing Coordinating Team, continues to identify areas where further communication and cooperation is needed, and identify gaps in the institutional provision of services. HOME, CDBG, and MBOH workshops include a “how to” technical assistance component and participation in statewide housing meetings and local housing meetings will continue.

The MDOC and MDPHHS support of and participation in the Montana Home Choice Coalition resulted in better linking of housing policy and disability services policy in creating community living opportunities for people with disabilities. These efforts will expand as the state, through the MDPHHS, continues to implement initiatives to fulfill its U.S. Supreme Court Olmstead decision-mandated obligation to create community living opportunities for people with severe disabilities currently residing in institutions and the housing needs of persons in institutions are better understood by state housing officials. In addition, general housing opportunities incorporating the housing and supportive service needs and choices of people with disabilities will be better realized. Montana citizens with disabilities experience a significant homeownership gap in comparison to the general public. The Home Choice Coalition Home Ownership initiative is expected to contribute to enhanced home ownership opportunities for people with disabilities across the state. The Home Choice Coalition advocates for and educates on the concept of Universal Design and the related concept of Visitability as a standard for publicly subsidized housing in Montana. Through education and technical assistance the Coalition expects to expand the supply of affordable housing that can be used by the maximum number of Montana citizens across the age and ability spectrum.

The Montana Council on Homelessness will focus high-level policy on homelessness in Montana. The Council will need to work in collaboration with MDOC housing officials to coordinate better access to mainstream housing and service resources to impact homelessness in Montana. The Council is expected to facilitate the creation of new solutions across agencies and programs.

CDBG-ED Program and the Business Resources Division will continue to expand their role in providing technical assistance in the field and through this effort, more accurately determine the degree and type of local need in community and economic development. (See following map of Regional Development Areas.) The MDOC recognizes that more outreach in education and building the capacity of communities to apply for and administer CDBG-funded projects and revolving loan funds is an ongoing need. In addition to CDBG-ED staff, the CRDCs, and the RDOs provide ongoing technical assistance to Montana's small businesses, give guidance to local governments in their community development efforts, and provide the capacity to maintain regional revolving loan funds.



The Certified Regional Development Program that is expected to be implemented in Program Year 2004 will require local governments to contract with a regional development organization that has qualified as a Certified Regional Development Organization. The CRDC will be a new program in the MDOC, designating twelve CRDCs across Montana. (See following map of the regions). CRDCs will manage regional revolving loan funds. It is the intent of this program to have CRDCs provide experienced guidance to local governments in their community development efforts and to provide the capacity to maintain regional revolving loan funds. Policies for this new program are currently being developed.

Homelessness

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Infrastructure and Public Facilities

Community Planning and Growth Management

Montana's local government planning law encourages communities to develop growth policies (also known as comprehensive plans or master plans) to guide development in their jurisdictions and coordinate policies relating to land use, housing, economic development, and public facilities. Growth policies can be implemented through the adoption of zoning ordinances or capital improvements programs and construction. Montana's CDBG Program for Housing and Public Facilities supports the preparation of local growth policies through Planning Grants that are awarded annually on a competitive basis. MDOC set aside \$200,000 in the plan year ended March 31, 2004 for CDBG Planning Grants. Grants were awarded up to \$20,000, which were matched by local funds unless the applicant was able to demonstrate financial hardship.

Thirty-three (33) eligible applications were submitted in the spring of 2004 for the FFY 2004 planning grants that totaled \$534,500. Fourteen (14) local governments received CDBG grants to conduct planning activities and related studies. The applications recommended for funding were (in ranked order):

FFY 2004 CDBG PLANNING GRANT COMPETITION		
Local Government	Project Description	Funding Amount
Broadwater County	Countywide needs assessment and preliminary architectural report for abused spouse shelter	\$ 11,500
City of Dillon	Assessment and preliminary architectural plan for "Big Sky Youth Center"	\$ 15,000
Gallatin County	Community needs assessment and growth policy	\$ 17,850
City of Glendive	Community needs assessment and growth policy	\$ 20,000
City of Helena	Preliminary architectural report for "The Friendship Center" (abused spouse shelter)– new facility	\$ 9,000
Town of Jordan	Preparation of a community growth policy	\$ 4,500
Lake County – Dayton	Preliminary engineering report - feasibility study for a community wastewater system	\$ 15,000
City of Libby (on behalf of Center for Asbestos Related Disease, Inc.)	Needs assessment and preliminary architectural report for center	\$ 20,000
Town of Phillipsburg	Preliminary engineering report to update wastewater system	\$ 10,100
Town of Pinesdale	Preliminary engineering report for water system	\$ 7,700
Pondera County – Brady	Preliminary engineering report for wastewater collection and treatment system	\$ 19,500

FFY 2004 CDBG PLANNING GRANT COMPETITION		
City of Ronan	Preparation of a community growth policy	\$ 14,850
Town of Scobey	Preliminary architectural report and income survey for Daniels Memorial Health Care Center	\$ 20,000
City of Thompson Falls	Preliminary engineering report to update 1996 water system master plan	\$ 15,000

Economic Development

According to local officials, the costs of preparing planning studies often presents a serious obstacle for communities with limited resources. The CDBG-ED program is able to play a unique role in assisting Montana communities because of its ability to offer planning grants to local governments. These grants were available for a variety of planning activities, including the initial planning necessary to develop a CDBG-ED project, or to prepare an economic development strategy, or similar planning efforts needed to help a community address critical needs.

For program year 2004, MDOC set aside \$95,000 of CDBG funds from the Economic Development category for planning grants. Applications were accepted on a first-come, first-serve basis until all CDBG-ED planning grant funds were committed.

Local governments could propose that CDBG-ED technical assistance funds be used for the preparation of plans, studies, analyses, or research related to economic development such as:

- Preparing community growth policies (previously referred to as “master or comprehensive plans”), particularly the economic conditions component. CDBG-ED Planning Grants can also be used to update an existing comprehensive plan to meet criterion for local government “growth policies” as described in Senate Bill 97 passed by the 1999 Legislature (76-1-601, MCA);
- Preparing community needs assessments, action plans, or implementation strategies;
- Conducting income surveys necessary to complete a CDBG-ED application;
- Preparing a Comprehensive Economic Development Strategy (CEDS) required for the U.S. Economic Development Administration;
- Preparing downtown revitalization studies, redevelopment plans, urban renewal plans, and historic preservation studies. CDBG-ED planning grants can be used as match for architectural design assistance from the School of Architecture at Montana State University;
- Preparing feasibility studies, preliminary environmental assessments for the purpose of grant applications, or Preliminary Architectural Reports (PARs) for reuse of underutilized, empty or abandoned buildings, industrial or manufacturing facilities;

- Preparing funding applications for economic development projects (should not be the only planning activity proposed in the application).
- Preparing Preliminary Engineering Reports (PERs) or related activities normally associated with preliminary engineering such as surveys, studies and data collection in support of an economic development project only. PERs must follow the format as outlined in the most recent edition of the Uniform Application for Montana Public Facility Projects.

CDBG-ED planning grants were available in amounts up to \$15,000. Local governments had to provide a match on a 50-50 basis that would be firmly committed by the time CDBG-ED funds were released. Firm loan commitments, such as funds borrowed from another state or federal program or from a local bank, were acceptable forms of match. Grants or other cash contributions from other local, state, or federal agencies or programs or private foundations were also acceptable forms of match. The CDBG-ED program funded 10 new technical assistance activities.

Funding of \$105,000 was used for technical assistance activities under the Small Business Development Center, and \$25,000 was used to fund Resource Team Assessments under the Montana Economic Developers Association.

CDBG-ED PLANNING GRANT AWARDS

Locality:	GLACIER COUNTY
Name of Company:	Cut Bank Airport Authority
Project Location:	Cut Bank
Financing Date:	03/08/04
CDBG Funds:	\$ 7,500
Other Funds:	<u>\$ 22,500</u> U. S. Dept. of Transportation
Total Project	<u>\$ 30,000</u>

Use of CDBG Funds: Glacier County was awarded \$7,500 to assist the Cut Bank Airport Authority to complete a comprehensive market analysis and air service feasibility study. The intent of this proposal is to provide the city of Cut Bank and the counties of Glacier, Toole, and Pondera with a study to measure traffic loss or diversion to other communities as a result of the lack of current air service. The feasibility study will provide the data necessary to plan and initiate new air service that would best suit the needs of the communities for convenient access to the National Air Transportation System, as well as provide all air service information including aircraft type, destinations, frequencies, fares and cost necessary to restart and subsidize service on a continuous basis.

Locality:	BEAVERHEAD COUNTY
Project Location:	Dillon
Financing Date:	03/08/04
CDBG Funds:	\$ 7,500
Other Funds:	<u>\$ 22,500</u> County Matching Funds
Total Project	<u>\$ 30,000</u>

Use of CDBG Funds: Beaverhead County was awarded funds to develop a marketing plan for the Camp Fortunate Interpretive Center and Bicentennial Native Plant Park and to conduct a downtown revitalization study tied to the Montana Street South road improvements project.

Locality: ANACONDA-DEER LODGE COUNTY
Name of Company: Community Hospital of Anaconda
Project Location: Anaconda
Financing Date: 06/15/04
CDBG Funds: \$ 15,000
Other Funds: \$ 20,000 Local bank
Total Project **\$ 35,000**

Use of CDBG Funds: Anaconda-Deer Lodge County was awarded funds on behalf of the Community Hospital of Anaconda, which plans to research and study the refinancing of the facility's current debt. This study will be used to determine if refinancing is feasible which would allow for renovations to the existing hospital building. Economic studies have emphasized that the medical community is a vital factor in the Anaconda economy by providing 219 jobs.

Locality: MCCONE COUNTY
Project Location: McCone, Garfield, Richland, & Dawson Counties
Financing Date: 06/15/04
CDBG Funds: \$ 15,000
Other Funds: \$ 30,000 MDNRC
\$ 40,000 Economic Development Agency
\$ 14,000 Local Funding
Total Project **\$ 99,000**

Use of CDBG Funds: McCone County was awarded funds to conduct a preliminary engineering for the Dry-Redwater Rural Water System. The County also plans to complete a Comprehensive Plan for the County and to form the water system into the Dry-Redwater Rural Water District.

Locality: CITY OF WOLF POINT
Project Location: Wolf Point
Financing Date: 06/15/04
CDBG Funds: \$ 15,000
Other Funds: \$ 4,000 Great Northern Dev. Corp.
\$ 15,000 Local sources
Total Project **\$ 34,000**

Use of CDBG Funds: The city of Wolf Point was granted funds to conduct a preliminary engineering report to access public facility needs for the Old Roundhouse property to allow for future development of the area. This site may be the potential location of the National Cowboy Hall of Fame, a United Parcel Service (UPS) office, and rental lots for recreational vehicles.

Locality: CITY OF WHITEFISH
Project Location: Whitefish
Financing Date: 06/15/04

CDBG Funds:	\$ 15,000	
Other Funds:	\$ 35,471	Economic Development Agency
	<u>\$ 126,881</u>	City of Whitefish
Total Project	<u>\$ 177,352</u>	

Use of CDBG Funds: The City of Whitefish was granted funds to complete a Whitefish Downtown Business District Master Plan for the central business district. With rapid growth in the Whitefish area, this planning effort will provide a coordinated effort to address business vitality, transportation, traffic, public facilities, environment, and growth management.

Locality:	RAVALLI COUNTY	
Name of Company:	Supporters of Abuse Free Environment (SAFE)	
Project Location:	Hamilton	
Financing Date:	07/06/04	
CDBG Funds:	\$ 8,000	
Other Funds:	\$ 560	Ravalli County matching funds
	\$ 6,500	SAFE
	<u>\$ 988</u>	In-kind services
Total Project	<u>\$ 16,048</u>	

Use of CDBG Funds: Ravalli County was awarded fund on behalf of SAFE, which will use the funds to hire a consultant to conduct a feasibility study for a small for-profit business that would be developed by SAFE and operated by participants of the SAFE Economic Independence Project Program.

Locality:	CITY OF HARDIN	
Project Location:	Hardin	
Financing Date:	07/06/04	
CDBG Funds:	\$ 12,000	
Other Funds:	\$ 18,925	Beartooth RC&D (<i>In-kind services</i>)
Total Project	<u>\$ 30,925</u>	

Use of CDBG Funds: The city of Hardin was awarded funds to complete a Preliminary Engineering Report (PER) for water and sewer service to the Hardin Industrial Park located north of the City. The PER would include access points and routing procedures. Two industries are committed to locating in the industrial park: Rocky Mountain Power, Inc. to develop a 117-megawatt generation plant, and Rocky Mountain Ethanol, Inc. that will develop a 40 million gallon ethanol facility. The new industries would provide an additional 55 new jobs to the Hardin area. A projected 350 indirect jobs will be created during the construction of these industries.

Locality:	TOWN OF WEST YELLOWSTONE	
Project Location:	West Yellowstone	
Financing Date:	07/06/04	
CDBG Funds:	\$ 15,000	
Other Funds:	\$ 10,000	Town of West Yellowstone & RC&D
	\$ 40,000	EDA
	<u>\$ 15,000</u>	CRDC
Total Project	<u>\$ 80,000</u>	

Use of CDBG Funds: The Town of West Yellowstone was awarded \$15,000 to complete economic development strategies for West Yellowstone, Gardiner, and Cooke City. The application also proposes to do a joint Comprehensive Economic Development Strategy (CEDS) for Gallatin and Park Counties. Due to low tourism numbers this past winter, the communities want to enhance existing tourism activities, plan and implement new tourism activities, plan and implement non-tourism activities, and develop opportunities to market regional tourism initiatives. Proposed matching funds are provided by EDA, the Town of West Yellowstone, the Northern Rocky Mountain RC&D, and other CRDC program funds.

Locality:	CASCADE COUNTY
Project Location:	Cascade County and Surrounding Counties
Financing Date:	12/20/04
CDBG Funds:	\$ 100,000
Other Funds:	<u>\$ 100,000</u> Fundraising
Total Project	<u>\$ 200,000</u>

Use of CDBG Funds: Cascade County was awarded funds to hire a consultant to conduct various studies relating to the 2005 Base Realignment and Closure as ordered by Congress, and determination of future missions to be housed at Malmstrom Air Force Base. CDBG-ED funds will not be used for lobbying efforts.

Locality:	MEDA
Project Location:	Statewide
Financing Date:	04/21/04
CDBG-ED Funds:	\$ 25,000
Other Funds:	<u>\$ 25,000</u> CDBG Public Facilities/Housing
Total Project	<u>\$ 50,000</u>

Use of CDBG Funds: The Montana Economic Developers Association (MEDA) was contracted for \$25,000 to conduct a minimum of 12 community assessments around Montana within the next year (July 1, 2004 – June 30, 2005). Resource teams visit rural communities for one to two day objective assessments. Communities that received Resources Team Assessment will be actively involved in the determination of community assets, areas for improvement, and future goals.

Locality:	SBDC
Project Location:	Small Business Development Center Bureau
Financing Date:	04/21/04
CDBG-ED Funds:	\$ 105,000
Other Funds:	\$ 0
Total Project	<u>\$105,000</u>

Use of CDBG Funds: Funds were provided to the Small Business Development Center Bureau (SBDC) for its Montana Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Outreach Program, and the MicroBusiness Development Corporations (MBDC) programs, through a Memorandum of Agreement (MOA).

II.B.3 PERFORMANCE MEASUREMENT

In September 2003, HUD issued CPD Notice 03-09 regarding performance measurement. In the Notice, HUD strongly encourages each CPD formula grantee, which includes Montana's HOME, CDBG, and ESG programs, to develop and use a performance measurement system. To a certain extent, Montana has been measuring benefits of its housing programs on a biennial basis, which can be found in the publication *Economic Benefits of MDOC Housing Programs*, updated in April 2005.

In June 2005, HUD released in the Federal Register "Notice of Draft Outcome Performance Measurement System for Community Planning and Development Formula Grant Programs Request for Comments; Notice". The MDOC intends to provide comments on the Notice by the specified due date. Additionally, Housing Division staff will attend the facilitation sessions sponsored by HUD in order to gain a greater understanding of the proposed performance measurement system.

APPENDIX A

PUBLIC REVIEW PROCESS

MONTANA'S HOUSING AND COMMUNITY DEVELOPMENT CITIZEN PARTICIPATION PLAN

April 1, 2004 - March 31, 2005



APPENDIX A - PUBLIC REVIEW PROCESS

(This is a copy of the Citizen Participation Plan used for the plan year ended March 31, 2005)

MONTANA'S HOUSING AND COMMUNITY DEVELOPMENT CITIZEN PARTICIPATION PLAN (April 1, 2004 - March 31, 2005)



INTRODUCTION

The U.S. Department of Housing and Urban Development (HUD) consolidated several formula grant programs in 1994. The programs include the Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), Emergency Shelter Grant (ESG), and Housing Opportunities for People with AIDS (HOPWA) Programs. The first three programs are currently utilized in Montana and are covered by the Consolidated Plan.

The State is also the recipient of a three-year HOPWA Grant, covering Montana and North and South Dakota, which was funded through a competitive grant process. The Intergovernmental Human Services Bureau of the DPHHS will administer the program over the three-year grant period. The program is funded with a \$1.3 million, three-state (Montana, North Dakota, and South Dakota) grant award announced by HUD in December 2001. The funds are part of \$6 million in competitively awarded grants for housing, services and technical assistance, primarily for new programs in rural areas that did not qualify for federal block grant funding.

The Consolidated Plan brings together the planning, application, reporting, and citizen participation components for the three formula programs. The purpose of this narrative is to present the Citizen Participation Plan prepared by the Montana Department of Commerce (MDOC), Housing Division, which is a fundamental piece of the consolidated planning process.

The objectives of the Plan are to ensure that the citizens of Montana, particularly persons of low- and moderate-income, low-income households living in slum and blight areas, units of local government, public housing agencies, and other interested parties are provided the opportunity to and are encouraged to participate in the planning and preparation of the Consolidated Plan, Annual Action Plan, including amendments to the Plan, and the Annual Performance Report. In doing so, this narrative lays out the general guidelines around which the Consolidated Plan will be developed, sets dates and milestones along which the process will proceed, and outlines methods for citizens to guide and assist the State in formulating the Plan.

THE CONSOLIDATED PLAN

The Consolidated Plan combines the planning, application, public involvement, and reporting requirements of the formula grant programs, into one complete process. It promotes unifying opportunities for units of local government, the State, and others, thus laying the foundation for development of cohesive, attractive, safe, and economically vibrant communities. The consolidated planning process encourages all citizens, especially low-income residents, to take part in shaping their own future.

The Consolidated Plan will provide the following information to citizens, public agencies, and other interested parties: the amount of assistance the jurisdiction expects to receive; range of activities that may be undertaken; and the general program activities that will be planned in addressing the priority needs outlined in the Plan. The Plan also presents details on analysis and evaluation of priority needs statewide, as well as policies related to the provision of affordable housing and community development. The Plan offers certifications that statutory guidelines have been followed.

THE PLANNING PROCESS

The Consolidated Plan is developed through public input solicited at meetings throughout the State. Some meetings occur before development of the draft report, thereby collecting distinct issue input and aiding policy formation. Others will be held after releasing the draft report, allowing interested parties an opportunity to review how the strategy has been designed and presented. These meetings will be scheduled at times and locations that will encourage broad citizen participation. The meetings may be held in the evening or during the lunch hour to encourage the most group and individual participation possible. The scheduling caters to citizens and organizations whose primary job may not be directly related to creating such a Plan. Evening and lunch-time public participation meetings are intended to solicit the input of low- and moderate-income residents who may be unable to attend daytime meetings due to work conflicts.



If a METNet meeting is used, it will be held during normal business hours. The METNet meeting is also open to the public and offers additional opportunities for participation in the development of the Consolidated Plan to units of local government and other organizational representatives. Meetings may also be held in conjunction with other scheduled meetings, workshops, or conferences being held by the Housing Division and other organizations.

All citizens are encouraged to participate, including minorities and non-English speaking persons, as well as persons with disabilities. Upon request, the State will make all necessary accommodations to further the participation of these individuals. All public meetings are held in facilities that are accessible to persons with disabilities. HUD's formula programs, alone and with other HUD-funded programs, have three basic goals pertinent to the Consolidated Plan: to provide decent housing; to provide a suitable

living environment; and to expand economic opportunities. Providing decent housing may involve increasing the availability of permanent affordable housing for low-income households (without discrimination), assisting homeless people to obtain appropriate housing, maintaining the affordable housing stock, and increasing supportive housing to assist persons with special needs. Providing a suitable living environment means improving the safety and livability of neighborhoods; deconcentrating housing opportunities and revitalizing neighborhoods; restoring and preserving natural and physical features with historic, architectural, and aesthetic value; and conserving energy resources. To expand economic opportunities, the comprehensive approach emphasizes the creation of accessible jobs, access to credit for community development and assistance to low-income persons to achieve self-sufficiency in federally assisted and public housing.

Within our society, the complexity of development problems has risen significantly. Assessing and solving the difficulties has outgrown what is offered by narrow, functional programs. Montana's priority need problems demand links between human, economic, physical, environmental, and design concerns to build communities of opportunity. In order to gain this comprehension of development complexities, the consolidated planning process must collect the knowledge that exists in the community, from citizens, local governments, private business, community-based organizations, and universities.

PUBLIC INPUT TO THE PLAN

Several opportunities for citizen input will be encouraged and provided during the development of the draft Consolidated Plan. A letter will be sent to local governments, public agencies, member organizations, and citizens throughout Montana encouraging participation in the Consolidated Planning process. A minimum of one public input meeting will be held for the express purpose of receiving comments on housing and community development needs before the release of the Consolidated Plan. Notification of the meeting(s) will be published on the *Discovering Montana* Calendar of Events for the Department of Commerce at:

<http://app.discoveringmontana.com/webapps/cal/event>

The dates, times and locations of public meetings on the MDOC Housing Consolidated Plan website at:

http://commerce.state.mt.us/Housing/Hous_ConsPlanappls.html

Display ads are published in newspapers in and around location towns. Staff from the Community Development Division and the Housing Division will provide an opportunity for citizen input at yearly conventions for the Montana Association of Counties and the League of Cities and Towns. Staff will also attend other conferences and meetings that are held throughout the State that provide a forum for additional public input on the Consolidated Plan.

The need for updated or additional information will be assessed to determine if further analysis is needed. If warranted, the new or updated information will be incorporated into current resource documents for use by applicants to the CDBG, HOME, and ESG programs.

The Annual Performance Report, for the program year covering April 1 through March 31, will be released to the public for review and comment. This report evaluates program activities performed during the program year. The public will be given an opportunity to examine the contents of the report for a period of no fewer than 15 days.

PUBLIC COMMENT ON THE DRAFT PLAN

After the draft Annual Action Plan for the year ending March 31, 2005 is released in the fall, the Plan will be available for public review and comment for not less than 30 days. An Executive Summary will be sent to all individuals, organizations, and agencies on the Consolidated Plan mailing list with information telling where the full draft document is available. The Internet will be used as a ready access to the Consolidated Plan documents. The public will be notified through public notices printed in newspapers of general circulation. The newspaper notices will summarize the contents and purpose of the Plan and contain a list of places where the full document is available. The phone number, including the TDD number, and address of the Housing Division, Montana Department of Commerce, will be included in the public notice to assist those persons otherwise unable to locate complete copies of the draft Annual Action Plan.



A minimum of two public review meetings on the draft Annual Action Plan will be held. Technical assistance will be available to groups representing persons of very low- and low- income who request such assistance in developing proposals for funding assistance under programs covered by the Consolidated Plan. The level and type of assistance that is appropriate will be determined by MDOC based on ability to provide or arrange for such assistance, the cost of providing assistance, and other relevant factors.

RELEASE OF THE CONSOLIDATED PLAN

Citizens, public agencies, and other interested parties will be notified of the availability of the Annual Action Plan as adopted, amendments to the Plan, and the Annual Performance Report. Citizens will be given opportunity to examine the contents of these reports for a period of no fewer than 30 days for the Annual Action Plan, and 15 days for the Annual Performance Report.

When practicable, written complaints regarding the Consolidated Plan, plan amendments, and Annual Performance Report will be responded to within 15 working days. A suitable response to those received by December 16 will be made by January 1. For those who wish to lodge a complaint about any of the documents, a letter is to be submitted to Leslie Edgcomb, Consolidated Plan Coordinator, Montana Department of Commerce, P.O. Box 200545, Helena, Montana 59620-0545.

OTHER CITIZEN PARTICIPATION

Citizen participation responsibilities are also placed on program applicants and recipients at the local level. Applicants must provide citizens, especially low and moderate-income residents, adequate notice, and opportunity for meaningful involvement in the planning and development of applications. All hearings must be held at times and locations convenient to potential beneficiaries and in a facility that is physically accessible for persons with a disability.

CDBG Program Requirements:

Unless re-applying for the same CDBG project submitted unsuccessfully in the previous year, the applicant must hold a minimum of two public hearings, one before preparing the application and one before passage of a resolution by the governing body authorizing the submission of the application. A record of the required hearings must be submitted with the application for CDBG funds, along with copies of the public notices for the hearings or affidavits of publication for the notices. A verbatim record is not necessary; the names of persons who attended and a summary of comments by local officials and citizens are sufficient. The first public hearing should be held not more than twelve months before the date of application. The second public hearing should be held not more than three months before the date of application.

An unsuccessful applicant in a grant competition is required to conduct only one public hearing before re-applying in the following year for the same project previously submitted. The public hearing should be held not more than three months before the date of application.

The purpose of the first hearing is to inform citizens about the CDBG Program, the amount of funds available, how it may be used, the range of activities eligible for funding and other general program requirements, as well as to solicit public comment, particularly from low and moderate income people, on community needs and priorities for economic development, housing and public facilities, including the needs of low- and moderate-income persons. The first public hearing is intended to give citizens an opportunity to identify and discuss their community's needs and to propose projects before the local government makes a decision regarding what project it will apply for.

The purpose of the second hearing is to give citizens and other potential beneficiaries of the proposed project, adequate opportunity to consider the potential impacts and

benefits of the community's proposed CDBG project and to comment on it before it is submitted.

HOME Program Requirements:

HOME Program applicants must provide citizens adequate notice and opportunity for involvement in the planning and development of HOME applications. Applicants must:

- Hold one public hearing, at a minimum, before submission of the application. The purpose of the public hearing is to solicit public comment on community housing needs and priorities and to discuss the HOME Program. A public hearing gives citizens and potential beneficiaries of the proposed project adequate opportunity to review and comment on the community's HOME application before it is submitted. The public hearing must be held within two months of the deadline date of application.
- Submit a record of any public hearing held in relation to the application for HOME funds, along with copies of the public notices for the hearings or affidavits of publication for the notices. A verbatim record is not necessary; the names of the persons who attended and a summary of comments by local officials and citizens are sufficient.

ESG Program requirements: Prior citizen participation is not required.

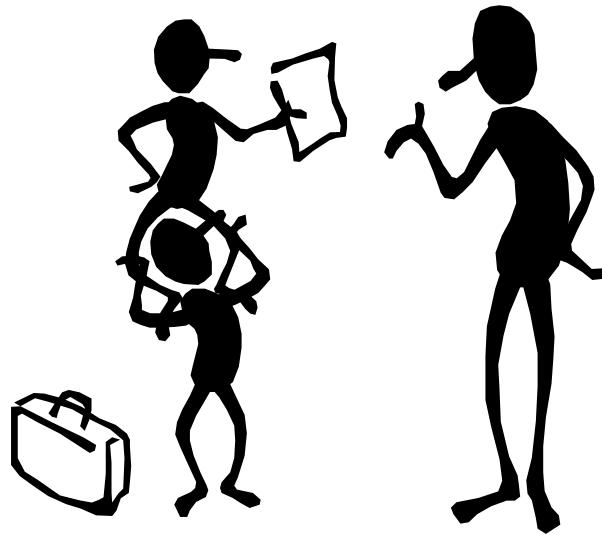
AMENDING THE CONSOLIDATED PLAN

Possible amendments include changes in use of funds from one eligible activity to another, changes in the method of distribution of such funds, new activities, or alteration of the existing activities or budget. MDOC will make a determination as to whether the change is substantial enough to necessitate issuing an amendment to the Plan. If so, MDOC will conduct a public review process with a minimum of one public review meeting and following the guidelines set forth above, present the amendment to the public for their review and comment. Other specific issues related to individual program guidelines are to be presented in the respective program application guidelines.

We make every effort to ensure our documents are fully accessible to persons with disabilities. Alternative accessible formats of this document will be provided upon request. Please contact the Montana Department of Commerce at 406-841-2820 or TDD 406-841-2702

APPENDIX B

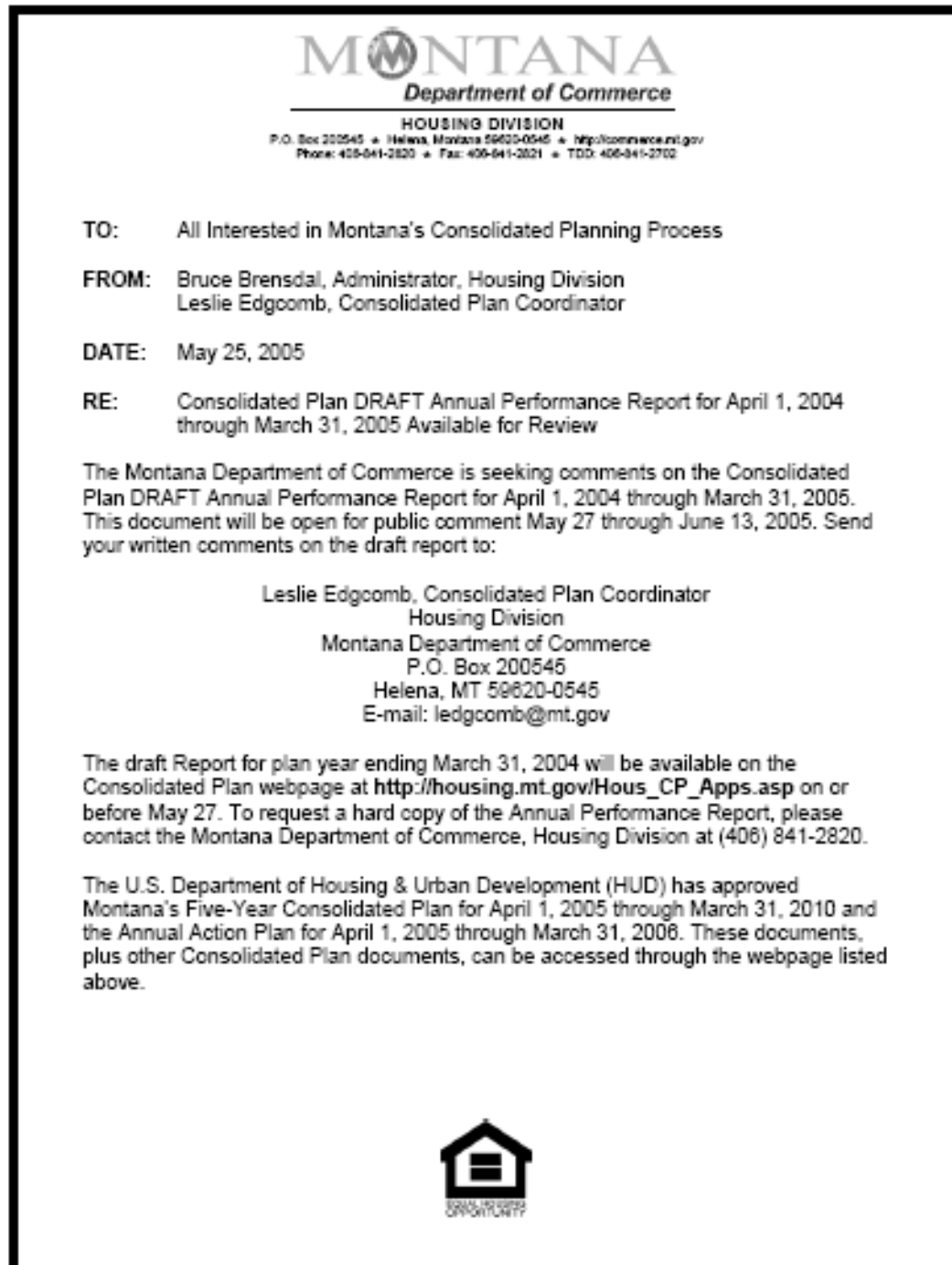
SUMMARY OF PUBLIC COMMENTS



APPENDIX B - SUMMARY OF PUBLIC COMMENTS

CITIZEN INVOLVEMENT

The following notification was provided to the public, announcing the availability of the Draft Annual Performance Report. The notification was sent to the Consolidated Plan mailing list, which includes over 600 interested persons, organizations, and local governments, and was posted on the Consolidated Plan website.



CITIZEN AND AGENCY COMMENTS

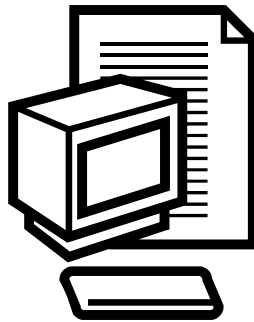
While one printed copy of the draft report was requested, no comments were received concerning the draft Annual Performance Report for April 1, 2004 through March 31, 2005 during the comment period, which ended on June 13, 2005.

Part III

MONTANA STATE SUMMARY OF CONSOLIDATED PLAN PROJECTS FOR REPORT YEAR 2004

IDIS – CO4PR06

*IDIS report available upon request. Contact the MT Dept of Commerce
Phone: (406) 841-2820; Fax: (406) 841-2821; TDD: (406) 841-2702;
Montana Relay System: 711; or e-mail: Ischofield@mt.gov*



April 1, 2004 to March 31, 2005

Final Report to HUD

Part IV

HOME ANNUAL PERFORMANCE REPORT

form HUD-40107

HOME Match Report – form HUD-40107-A

FHEO 504 Review

FHEO HOME Review

IDIS-CO4PR22

IDIS-CO4PR25

IDIS-CO4PR27

IDIS-COPR33

*Reports available upon request. Contact the MT Dept of Commerce
Phone: (406) 841-2820; Fax: (406) 841-2821; TDD: (406) 841-2702;
Montana Relay System: 711; or e-mail: lschofield@mt.gov*



April 1, 2004 to March 31, 2005

Final Report to HUD

Part V

CDBG ANNUAL PERFORMANCE REPORTS

P.E.R.

and

IDIS – CO4PR26

*Reports available upon request. Contact the MT Dept of Commerce
Phone: (406) 841-2820; Fax: (406) 841-2821; TDD: (406) 841-2702;
Montana Relay System: 711; or e-mail: Ischofield@mt.gov*



April 1, 2004 to March 31, 2005

Final Report to HUD

Part VI

ESG ANNUAL PERFORMANCE REPORT



April 1, 2004 to March 31, 2005

Final Report to HUD

EMERGENCY SHELTER GRANT (ESG)

ESG grants distributed to HRDCs throughout Montana supported shelters across the state, as well as direct services from HRDCs to ESG recipients. Actual funding received and used matched the funds anticipated. Five percent of the funds were used to administer the program. The table below presents the distribution of funds for each HRDC.

2004 HUD EMERGENCY SHELTER GRANTS PROGRAM PERCENT DISTRIBUTION BY HRDC

Eligible Activities	AEM	DIST IV	Opp., Inc.	DIST VI	DIST VII	RMDC	DIST IX	NWMT	DIST XI	DIST XII
Essential Services	30.00%	30.00%	30.00%	0.00%	45.52%	19.48%	34.29%	29.98%	6.19%	0.00%
Shelter Maintenance	49.95%	66.85%	66.85%	0.00%	39.82%	80.52%	65.71%	40.03%	79.83%	100.00%
Homeless Prevention	20.05%	3.15%	3.15%	100.00%	14.66%	0.00%	0.00%	29.99%	13.98%	0.00%
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Source: Jim Nolan, ESG Program manager, 06/15/2005.

The Emergency Shelter Grant Financial Status Report for the period covered 4/1/2004 - 3/31/2005 was not provided.